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ABSTRACT

Monumental changes have occurred in the South, i.e., the loss of many farm and nonfarm residents to urban areas, farms becoming larger and more mechanized, the growth of manufacturing employment, and the narrowing of income gaps between rural and urban areas, and between the South and the non-South. Political and social changes have accompanied these economic changes. Many of the institutions that characterized the traditional South such as sharecropping, one-party politics, and demogogic preoccupation with race have disappeared or are no longer important. Yet, despite these changes, the rural South lags behind urban areas, and rural areas outside the South, in many dimensions of human resource development. Large commercial farmers have been the main beneficiaries of technological changes and agricultural policies. Blacks have not shared proportionately in the growth of jobs. Because of the uneveness of economic progress, too many people in the rural South are poor, have inferior educations, suffer from poor health, nutrition, housing, and inadequate health care. Therefore the Task Force has made various recommendations dealing with a wide range of issues affecting human resource development in the rural South. They include reform in the financing of education, in state and local taxes, and in health delivery systems; strengthening the political effectiveness of low income people and minorities; strengthening union membership; restructuring the South's income maintenance system; and improvements in training and employment, job creation, and the rural credit system. (NQ)

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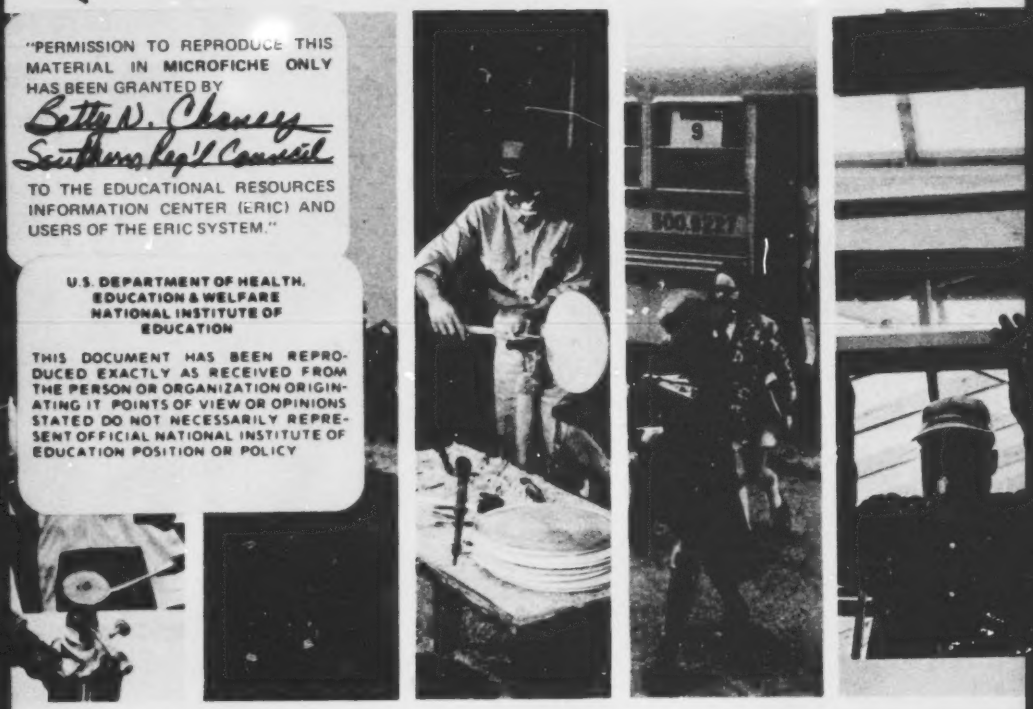

A REPORT OF THE TASK FORCE ON SOUTHERN RURAL DEVELOPMENT

SOUTHERN REGIONAL COUNCIL

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Increasing the Options

A REPORT OF THE TASK FORCE ON SOUTHERN RURAL DEVELOPMENT
SOUTHERN REGIONAL COUNCIL

March, 1977
75 Marietta Street
Atlanta, Georgia 30303

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DEDICATION

This report is dedicated to the late Vivian Wilson Henderson who was president of Clark College, President of the Southern Regional Council, and Co-Chairman of the Task Force on Southern Rural Development. Dr. Henderson's breadth of understanding of the rural South, his compassion, wisdom, and personal commitment to finding workable solutions to the region's problems inspired all who worked on the report. Always he gave of himself to the work of the Task Force without hesitation and with the kind of dedication and selflessness that characterized his life and his work. The most fitting tribute that finally could be paid him, we believe, would be for the recommendations set forth here to be put into action.

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PREFACE

The Task Force on Southern Rural Development, sponsored by the Southern Regional Council, was launched in 1974 after months of careful preparation including meetings with rural people and policymakers from over the Southern region. Two distinguished Southerners agreed to head the Task Force, Alexander Heard, Chancellor of Vanderbilt University, and the late Vivian Henderson, President of Clark College. Support for the Task Force came from the Edna McConnell Clark Foundation, the Ford Foundation and the Rockefeller Brothers Fund.

An initial consultation with a group of policy specialists was held in January, 1974. This meeting was followed by a series of four consultations involving over 100 persons with backgrounds and experience in business and economic development, government, policy research, delivery of services, and community organization in areas of rural poverty.

After lengthy consideration, it was determined that a task force should be composed of 24 members chosen from major constituencies in the region, including persons in positions of leadership and persons with interest in problems of rural development.

This report, *Increasing the Options,* is drawn from a more detailed examination of the problems of the rural South, and the possibilities for Southern rural development, that will be published independently as a staff report. In the appendix, Dr. F. Ray Marshall, director of the Task Force, describes the staff work that lies behind the Task Force's conclusions and lists the special studies that were made. Since the report was written Dr. Marshall has been named Secretary of the U.S. Department of Labor.

Peter J. Petkas
Executive Director
Southern Regional Council

MEMBERS OF THE TASK FORCE ON SOUTHERN RURAL DEVELOPMENT

CHAIRMAN

Alexander Heard – *Chancellor of Vanderbilt University. Mr. Heard is a political scientist who has written extensively on Southern politics, political finance, and higher education and serves as chairman of the Board of Trustees of the Ford Foundation.*

CO-CHAIRMAN

Vivian Henderson – *President of Clark College. An economist and author of numerous publications, Dr. Henderson served on the board of the Ford Foundation, the Citizens and Southern National Bank, the National Urban Coalition, the Teachers Insurance and Annuity Association of America, the Atlanta Chamber of Commerce, the National Bureau of Economic Research, and Common Cause. He was appointed to numerous presidential task forces and commissions, the most recent being President Ford's Summit Conference on Inflation.*

* * * * *

Charles Bannerman – *Executive Director of the Mississippi Action for Community Education, Chairman of the Board of the Delta Foundation, President of Delta Enterprises (20th largest black-owned, community-owned business in the U.S.A.), and a leader in the community development corporation movement in the rural South. Prior to this, Mr. Bannerman was director of technical assistance for the Citizens Crusade Against Poverty and was a case worker in Columbus, Ohio. He lives in Greenville, Mississippi.*

Clifford Campbell, Jr. – *President of the Citizens and Southern Bank of Thomas County, Thomasville, Ga., past president of the Thomasville-Thomas County Chamber of Commerce and current chairman of its Industrial Development Committee. Mr. Campbell is also a member of the Board of the United Methodist Church, YMCA, the Salvation Army, and the Industrial Development Committee of the Georgia State Chamber of Commerce.*

Jimmy Carter – *A Democrat, former Governor of Georgia, former state senator, a large peanut farmer. He was graduated from the United States Naval Academy, served with the Navy from 1947-1953, and in 1976 was elected President of the United States. (Due to the demands of the Presidential campaign, then Governor Jimmy Carter was unable to actively participate in the deliberations and conclusions of the Task Force.)*

Marie Cirillo – *Organizer of local community development programs in Tennessee, and of regional art and communications projects in Central Appalachia. Ms. Cirillo resides in Clairfield, Tennessee.*

Owen Cooper – *Former President of the Mississippi Chemical Corporation, and of the Southern Baptist Convention. Mr. Cooper lives in Yazoo City, Mississippi.*

Winfield Dunn – *A Republican, former Governor of Tennessee. Governor Dunn is a former Memphis dentist. His special interest in state manpower development is reflected in the work of his administration.*

Ruth Ellinger – *Director of Education and Research for the Texas State Federation of Labor – AFL-CIO and vice president of the Texas Chapter of the Industrial Relations Research Association. Ms. Ellinger lives in Austin, Texas.*

Elisabeth Hair – *Chairman of the Mecklenburg County Commission (Charlotte) and a founder of the North Carolina Women's Political Caucus. Ms. Hair is chairman of the National Association of Counties (NACo) Taxation and Finance Steering Committee and serves on the NACo Task Force on Welfare and Reform.*

Juanita Kreps – *Vice President of Duke University and James B. Duke professor of economics specializing in manpower economics and the economics of aging. She is the first woman to serve on the board of the New York Stock Exchange; she is also a director of the J. C. Penney Corporation, the Western Electric Corporation, the Eastman Kodak Company, and is a member of the National Commission for Manpower Policy. In 1977, President Carter named Mrs. Kreps Secretary of Commerce.*

Brownie Ledbetter – *Director of a federally funded Emergency School Program in Little Rock, Arkansas. Ms. Ledbetter is also a member of the Executive Committee of the Southern Regional Council, of the Arkansas State Advisory Committee to the U. S. Commission on Civil Rights, and of the Advisory Committee of the National Women's Political Caucus, and served on the Technical Committee on Human Resources and Public Services of the Southern Growth Policies Board.*

Helen Matthews Lewis – *Professor of Sociology at Clinch Valley College of the University of Virginia. Dr. Lewis has done research on the Appalachian South with special emphasis on the effects of coalmining on miners and their families. She is also working on an Appalachian health project with Highlander Education and Research Center, New Market, Tennessee. She lives in Dungannon, Virginia.*

J. Bonner Manly – *Vice President of Marketing for Suitt Construction Company in Greenville, South Carolina. As Director of the South Carolina State Development Board between 1970 and 1973, Mr. Manly developed and coordinated the state's rapid expansion in the area of manufacturing and played a major role in developing the Start Up Training manpower strategy. He has held a variety of executive positions in several business corporations in the South.*

A. J. McKnight – *Catholic priest and President of the Southern Cooperative Development Fund, a unique financial institution that functions as a lending and technical assistance agency for low income cooperatives and minority business enterprises in the rural South. Father McKnight has lived and worked in rural Southwest Louisiana for 24 years, concentrating his efforts on organizing cooperative economic enterprises among low-income blacks. He lives in Lafayette, Louisiana.*

James Moore – *Southern Regional Director of the A. Phillip Randolph Institute, which is the largest association of black trade unionists in the nation. Mr. Moore is a former business agent of the Bakery and Confectionary*

Workers Local Union in Savannah where he resides. He is active in Georgia labor politics.

Henry Ponder – *President of Benedict College in South Carolina. Dr. Ponder, an agricultural economist, has published articles on rural development, and is a recognized expert on Southern agriculture.*

Charles Prejean – *Executive Director of the Federation of Southern Cooperatives, the largest regional federation of self-help organizations among the black rural poor in the South.*

Johnnie Watts Prothro – *Presently Professor, Dietetics Program, Division of Allied Health Professions, Emory University, Atlanta. Dr. Prothro is a teacher and researcher of nutrition problems and most of her career she has spent in the rural South.*

John W. Thiele – *Director of Industrial and Community Relations for the Fort Smith, Arkansas, Division of the Whirlpool Corporation. Mr. Thiele helped organize both state vocational and manpower advisory councils in Arkansas. He was a member of the Southwestern Regional Manpower Advisory Committee. He is currently serving in his second term as chairman of the National Advisory Council of Vocational Education (in Washington). He has published articles on rural manpower, training, and labor market information problems.*

Baraey Weeks – *President of the Alabama Labor Council, AFL-CIO. Mr. Weeks is also president of the Southern Labor School, and Secretary-Treasurer and a member of the Executive Committee of the AFL-CIO Appalachian Labor Council. He is a former president of the Montgomery Typographical Union and was an executive officer of the Montgomery Central Labor Union. He lives in Birmingham.*

Jack K. Williams – *President of Texas A&M University and the Texas A&M University System. Dr. Williams has also served as vice president of Clemson University, vice president of the University of Tennessee System, and was the first commissioner of higher education in Texas. (President Williams has been ill and has not joined in these conclusions and recommendations.)*

Herman Wilson – *Executive Director of the Mississippi office of the Lawyers Committee for Civil Rights Under Law and practicing attorney in Jackson, Mississippi. Previously, Mr. Wilson was general counsel for the Opportunity Funding Corporation in Washington, D. C., and vice president of Mary Holmes Junior College in West Point, Mississippi, where he played an important role in the success of the Child Development Group, a program for rural children in the state.*

C. Bette Wimbish – *Assistant Secretary of the Florida State Department of Commerce responsible for general administration and all budgetary and program areas with the Division of Economic Development, Employment, Security, Labor and Tourism. She has been involved in an economic development program for the state that involved use of the first operational computerized model for the measurement of economic development planning at the state level. She is a former member of the City Council and former Vice Mayor of St. Petersburg, Florida. She lives in Tallahassee.*

RURAL TASK FORCE STAFF

F. Ray Marshall, *Director of the Task Force on Southern Rural Development, is a native of Louisiana. He is past President of the Southern Economics Association and of the National Rural Center, former Director of the Center for the Study of Human Resources at the University of Texas and former President of the Industrial Relations Research Association. He is author of* Rural Workers and Rural Labor Markets *and, with Lamond Godwin, of* Cooperatives and Rural Poverty in the South. *He is presently Secretary of the United States Department of Labor.*

Lamond Godwin, *Associate Director of the Task Force on Southern Rural Development, is a native of Alabama. He is Southeastern Regional Director of the National Rural Center, former Professor of Labor Studies at Rutgers University, and former rural development consultant to the Ford Foundation. He has published numerous articles on rural affairs.*

STATEMENT OF CONSENSUS

The members of the Task Force on Southern Rural Development come from a wide diversity of personal and professional backgrounds and are engaged in a wide variety of occupational and citizen activities. Over a period of two years we have addressed the general subject of Southern rural development, a topic we consider of pervasive significance to the welfare of the United States.

The treatment of individual topics in our report could not be exhaustive and therefore much that might have been said to illuminate complexities and potentialities has been omitted. Nonetheless, we have sought to convey the sense of urgency and sense of the possible, the pragmatic sense that we feel. At the same time we are keenly aware that limits on American resources require the careful selection of development priorities and the skillful design of socially effective and financially economical development strategies. With this sense of priority, the recommendations made in each of our chapters are often concrete and detailed. No one of us necessarily subscribes to all the viewpoints expressed in the text of the report, nor to every aspect of the recommendations. We unanimously endorse, however, the broad objectives of the recommendations.

Each of us commends the recommendations, whether or not subscribing precisely to every one, to early, serious evaluation and action by all sectors of American society. Policies by governments at all levels; by business, financial, labor and farm organizations; by foundations, school systems, colleges, universities and volunteer citizens groups; policies followed by all these and many other types of social institutions affect directly the nature and results of Southern rural development and need to be designed with that realization.

INTRODUCTION

When, during the Great Depression, President Franklin Roosevelt described the South as "the nation's number one economic problem," he was articulating what had been evident to scholars of the region for decades. Predominantly rural and agricultural, bound by a tradition of segregation and racial politics, the region lagged behind the rest of the nation by almost every standard.

In 1940, per capita income in the nation as a whole was $546. In the South it was $317, or 58 percent of the national average. The average wage of the Southern industrial worker was $760, or 66 percent of $1150, the national average.

Today the situation is vastly different. The South has become, to use the demographer's term, the nation's leading growth region. The Civil Rights revolution of the 1960s has altered the South's social outlook. Industrialization has made great strides. Mechanization in agriculture has wrought drastic changes in the region's historic employment patterns. Southern school systems have handled desegregation in ways that Northern school districts have sought to emulate. A Deep South southerner can now be elected president of the United States.

The South has developed dramatically during these last decades of the second century of American Independence. It seems probable that our nation's third century will be distinguished by a massive emergence of the Southern region from the handicaps of its inheritance – emergence into a major locus of the nation's economic, social and cultural strength. The South spent the first 85 years after Independence shackled by slavery, and the next 15 years in violent adjustments to freedom. The South spent the first 85 years of the second century after Independence in a dying resistance to freedom, and these past 15 years in a lustrous but not yet completely fulfilled adjustment to freedom's realities.

The weight of the past has been lifted. In that past, the Southern spirit was burdened, and its prosperity held back. The South has been a tributary to the mainstreams of American development, and its educational, social, and economic institutions have in consequence been satellites rather than suns. A new era is now coming for the region, and as it comes we find it fortuitously spared many of the old and some of the new burdens of the traditional regions of greater American wealth and power. Southern resources of land, water, minerals, climate, location and people – and the good fortune, it would seem in this new perspective, of previously limited economic development – will make the third century of American Independence not only the first century of full Southern freedom, but also the first century of full Southern participation in the rewards and shaping of the national life. As the East dominated the growing years after 1776, and the West the growing years after 1876, the South can do so in the years before us now.

Recent changes in per capita personal income provide a clear signal. The

South's per capita personal income in 1950 was only 68 percent that of the nation. By 1960 it had risen to 73 percent, and by 1974 to 85 percent that of the nation. The average annual rate of increase between 1950 and 1974 was 5½ percent for the nation as a whole and 6½ percent for the South. There is increasing discussion of a shift in influence and significance from older portions of the nation to what one writer has called the "southern rim," a major portion of which is the old Confederacy. Surveys of opinion report that despite inferior rankings by objective social and economic measures, "Southerners are more satisfied in almost every respect than their counterparts in the rest of the country" with their personal lives.

Americans are all ultimately of one fabric, wherever they live. They inescapably confront together the immediate pressing perils to material well-being – energy and resource shortage, employment problems, maldistribution of opportunities and rewards, threats to international peace itself. They will all together be the victims, too, if they do not repair the erosions of rationality and integrity – wherever in the nation they occur – that threaten to shrivel the heart and kill the future of the American Dream.

The time is right for the Southern region to take its new opportunity to solve at last its remaining human resource problems. The South has made great progress, but the progress is uneven, and much remains to be done to insure the full participation of all groups, white and black, in its prosperity.

Rural development stands at the forefront of the unfinished business. Rural and urban problems are so closely related in truth, that to ignore one at the expense of the other is virtually to guarantee that neither will be solved. The displacement of people from the rural South and their migration to cities have meant that the problems of crime, environmental pollution, and general deterioration in the quality of life in urban areas have been intensified. They have also meant that inadequate employment opportunities and poverty in rural areas have worsened.

Rural development would not necessarily reverse the trend toward concentration of people in large cities, but it could slow the process and increase the options for people who wish to live in small towns and rural areas. Opinion polls consistently show that the overwhelming majority of rural people, and even a majority of urban dwellers, say they prefer to live in rural areas and small towns, but for economic reasons are forced to live in urban places.

Rural development is not synonymous with economic development, a term that often simply connotes attracting industry to a place without regard for the consequences in the lives of people. This Task Force is not concerned with economic development for itself alone, but also with who benefits from it. We are especially concerned with measures to develop human resources and to improve the conditions of low-income people.

Important factors are involved in addition to such apparent matters as job creation and employment. For rural development to bring about desired fundamental changes in people's lives, it must address effectively a number of interrelated considerations, including the status of health and health care, developments in agriculture, restrictions on finance and credit, and the ways in which changes resulting from rural development may affect the environment and other qualities of personal living.

Above all else, the rural South's problem is one of wasted human resources. To the extent that millions of rural Southerners experience disproportionately high rates of poverty, unemployment and underemployment, receive inadequate and inferior educations and live under conditions that are not conducive to physical and mental growth, they are denied the chance to develop their full potential. They suffer and society is deprived. The South's gross regional product and the nation's gross national product are smaller than they would otherwise be.

The extent of wasted human resources in the South raises serious moral and political issues. A fundamental goal of American democracy is individual freedom. Individual freedom can best be measured by the range of opportunities available to people and the absence of constraints upon their ability to choose. Judged by these criteria, low-income people in the rural South are disadvantaged citizens. Poverty, ignorance, and preventable disease are constant impediments to their ability to take advantage of basic civil and human rights.

The lingering effects of discrimination against blacks are evident throughout this report. Despite some improvement between 1960 and 1970, most black families in Deep South rural counties still live below the poverty line. Black employment grows more slowly than white employment. Blacks gain proportionately fewer nonfarm jobs and continue to be displaced from agriculture at rapid rates.

Black political participation in the South has increased dramatically over the past ten years, but black elected officials still constitute only about two percent of all elected officials in the region. In some areas, moreover, whites have developed procedures to limit black political power. Election districts may be gerrymandered to make it difficult for blacks to gain political office. Blacks may be kept to a minority of elected or appointed positions on official agencies and commissions. Blacks may be slighted in choosing nominees for important elected positions.

Rural development is and should be primarily the responsibility of local private leadership. Development is frequently impeded, however, by the failure of government to facilitate local initiatives. Indeed, the lack of a clear national policy for rural development, and the fragmentation of the responsibility for development among numerous federal agencies, sometimes conflicting and contradictory, make it difficult for regional, state, and local development authorities to design and implement coherent and comprehensive development plans. The development of a clear national policy implemented by a single federal agency could do much to stimulate rural development by other units of government – especially the states, which normally play the key role in facilitating both regional and local development.

The Task Force on Southern Rural Development has deliberated for many months on the issues outlined in this introduction. This report contains many detailed recommendations. They appear at the end of each of the nine sections of the report. Three general conclusions warrant special attention:

1. The Task Force urges adoption of a national rural development policy that will foster employment and balanced economic growth in the Southern region as part of national growth and employment policies.

2. The Task Force believes that the special needs of small farmers, and of rural development generally, have not been addressed with sufficient coherence and effectiveness by the numerous federal agencies charged to be concerned with them, including the United States Department of Agriculture. It urges, therefore, concentration of responsibility for rural development in an autonomous federal department or agency.

3. Private agencies with goals dedicated to the integration of rural development and national growth policies can contribute greatly to the goals of the Task Force. The Task Force commends the support of such organizations.

Specific recommendations deal with a wide range of issues affecting human resource development in the rural South. They include reform in the financing of education, in state and local taxes, and in health delivery systems; strengthening the political effectiveness of low income people and minorities; strengthening union membership; restructuring the South's income maintenance system; improvements in training and employment, job creation, and the rural credit system; overcoming obstacles to development of decent rural housing; protecting the environment; conservation of energy; and general economic development.

The Task Force has sought through its work to demonstrate the interrelationship between urban and rural problems, to point the way toward a more satisfactory quality of life for rural America; and to help increase the options open to inhabitants of both rural and urban America.

I. THE STATE OF THE RURAL SOUTH

Population and Income

The displacement of people from agriculture, together with rural-urban migrations, have been among the most important domestic developments in the nation's history. There has been an especially rapid displacement of the farm population and work force since 1950.

Many people displaced from farming remain in rural areas, while others have migrated to urban places. The experiences of those who have migrated have been mixed. Most have gained in the long run, but others have not. Blacks who migrate from the rural South to the urban North do at least as well economically as blacks born in those Northern places. Nevertheless, the urban ghetto creates serious long run problems for blacks, who have more difficulty in improving their incomes in urban places.

Migration also creates serious problems for rural places. Younger people who are better educated are likely to migrate and leave behind those less able to be productive – the elderly, mothers, and their dependent children.

It is worth special mention to note, however, that despite rapid outmigration before 1970, the rural population of the South and the nation remained fairly constant in *absolute* terms between 1920 and 1970. Indeed, contrary to popular impression, the South's black population has increased consistently despite large increases in the percentages of blacks living outside the region.

There were some dramatic shifts in long run migration trends during the late 1960s and early 1970s. For the first time in the history of the Republic, the long run rural-to-urban and South-to-non-South population trends turned around. The main reasons for these shifts include:

- Manufacturing employment has grown in the South and has grown much faster in nonmetropolitan than in metropolitan areas.
- There has been a decided shift in the residential preferences of people away from metropolitan toward rural places.
- In particular, many rural areas are growing because they are attractive places for retirement and recreation.
- Population growth is well above average in counties having senior state colleges and universities.

Mean and median incomes also grew much faster in non-metropolitan areas, South and non-South, between 1960 and 1973 than they did in metropolitan areas. Indeed, mean incomes actually declined slightly in the metropolitan non-South between 1969 and 1973. Mean family incomes in the metropolitan South were 90.5 percent of the U.S. mean in 1969 and 94.6 percent in 1973; the non-metropolitan percentages were 87.7 and 89.3. Because of differences in the cost of living, the average real income differentials between the metropolitan South and the non-South have virtually been eliminated.

Farm Population and Employment

One of the most significant demographic developments in the South and the non-South since 1970 has been the increase in the white farm population. The black farm population, however, continues to decline in the South and the non-South. Moreover, the unemployment rate for the Southern nonwhite farm population is much higher than it is for whites – five percent for nonwhites and 1.7 percent for whites in 1973.

The unemployment rate does not count people who are working part time but who are willing to work full time, who have given up being able to find jobs at all, or who cannot find jobs paying enough to raise them above the poverty level. The subemployment ratios, which measure those things, are generally much higher for rural farm and nonfarm workers. Indeed, the subemployment rate for black rural farm males was 7.3 times the unemployment rate for white males in this category in 1970.

Black Employment in the Nonmetropolitan South

One of the most persistent rural employment problems in the South has been the very limited employment opportunities for blacks. Blacks historically were employed mainly in agricultural and menial nonfarm jobs. About the only place non-traditional jobs were available to blacks was in those white-collar occupations catering to blacks.

There have been some important changes in these occupational patterns since World War II. Change was particularly noticeable during the last half of the 1960s. Black women increased their share of metropolitan employment between 1966 and 1969, but the share of black men remained constant. In nonmetropolitan areas, on the other hand, black men and women increased their shares substantially between these dates.

Because of the predominantly blue-collar occupational structure of nonmetropolitan employment and the fact that both blacks and whites have access to those jobs, the occupational position of blacks of both sexes relative to whites was higher in nonmetropolitan than in metropolitan areas for the South and the non-South.

The relatively higher occupational position of black women does not mean that black women are better off than black men; black women are better off only relative to white women. Black men have higher occupational positions than black or white women. Women are much more disadvantaged occupationally than men regardless of race, residence or region.

Nature and Extent of Rural Poverty

After having declined from almost 40 million in 1960, the number of poor in the South and in the nation as defined by the Census, remained

relatively constant between 1969 and 1974; it actually increased between 1973-1974, probably because of inflation and unemployment. There were about 24 million poor people in the United States in 1969 and 1974 and about 10.8 million in the South in both years.

Of the 10.8 million poor Southerners in 1974:
- 6.1 million were white
- 4.5 million were black
- 5.0 million were in metropolitan areas
- 5.8 million were in nonmetropolitan areas.

The 13.5 million poor people outside the South are distributed as follows:
- 10.2 million are white
- 2.9 million are black
- 9.6 million are in metropolitan areas
- 3.9 million are nonmetropolitan.

In the non-South, poverty was mainly a metropolitan phenomenon, whereas in the South it was mainly nonmetropolitan. Most poor Southerners live in nonmetropolitan areas, but outside the South there were almost 2.5 times as many poor people in metropolitan as in nonmetropolitan areas. Moreover, blacks constituted a larger percentage of the poor in the South (44 percent) than in the non-South (17 percent).

Although in absolute numbers there are more poor whites than blacks, the incidence of poverty among blacks is much higher. In the nonmetropolitan South, about 15 percent of whites and 44 percent of blacks were below the poverty line in 1974; the comparable figures for metropolitan areas were 8.9 percent for whites and 30.8 percent for blacks. In the non-South, 94 percent of poor blacks were in metropolitan areas, whereas in the South only about half of poor blacks were in metropolitan areas.

There is a significant difference in the composition of poor families in rural and urban areas. Most poor rural families are headed by males, while most poor urban families are headed by females. The heads of rural poor families are more likely to work than are the heads of urban poor families; among males in the South, almost two-thirds of poor whites and almost three-fourths of poor blacks worked.

Income Maintenance

The South generally provides much lower welfare payments for those who cannot or should not work than states in the rest of the country provide. Moreover, the region's welfare system offers little incentive for welfare recipients to work or to keep their families together.

Food stamps are a much more important form of income maintenance for the poor in nonmetropolitan than in metropolitan areas because the rural poor

are mostly working poor and rarely qualify for public assistance. In metropolitan areas over two-thirds of food stamp recipients also receive public assistance; in nonmetropolitan areas only a little over a third of food stamp recipients also receive public assistance.

The Southern Labor Force

Some of the main changes in the Southern labor force between 1960 and 1970 were:

- Employment grew at a faster rate in the South than in the non-South between these dates. The South's growth was greater in all national employment sectors except services.
- Growth in the South was particularly rapid in construction and manufacturing. Indeed, over half of the net growth in construction jobs in the United States during the 1960s was in the South; over three-fourths of all new manufacturing jobs were in the South.
- Employment fell faster in the South than in the rest of the country in several sectors that declined nationally during the 1960s, especially agriculture, forestry, and fisheries. Mining was an exception.
- Between 1976 and the year 2000, employment is expected to continue to grow faster in the South than in the rest of the country.
- Within the South, manufacturing employment is growing much faster in nonmetropolitan than in metropolitan areas. Manufacturing employment increased by 49 percent in metropolitan areas in the South in the 1960s, but grew by 61.1 percent in counties 50 miles from metropolitan areas.

Although the growth of manufacturing employment has been very rapid in the rural South, it has been heavily concentrated in marginal low-wage industry. Despite the greater growth of manufacturing employment in the South and rising average weekly wages, earnings in manufacturing in the South declined from 80 percent of the national average in 1963 to 78 percent in 1973. Nevertheless, there has been a steady improvement in the ratio of high to low-wage industry in the South.

The Nature of Southern Rural Industry

Nonfarm employment is vital to rural development. Without jobs, people cannot remain in rural areas when they are displaced from farming. Indeed, without nonfarm jobs, many of the remaining small farmers would be unable to stay in rural areas and many large farmers could have difficulty acquiring seasonal or part time agricultural workers. Small farm operators with stable nonfarm sources of income have better access to credit than those small farmers who depend heavily on farming for their incomes. The economic health of the rural South therefore depends greatly on the number and quality of nonfarm jobs.

Evidence produced for the Task Force supports a number of conclusions about the nature of rural industry in the South:

- The main attraction for most of the region's rural manufacturing industry has been a large supply of labor willing to work for relatively low wages.
- Availability of natural resources has been an attraction for some industries – coal mining and pulp and paper.

- Nonmanufacturing industrial growth has centered on college towns and recreational areas.
- Our work also indicates that low-wage industrialization is not likely to occur everywhere.
- Where it does start with low-wage manufacturing activity, rural industrialization sometimes, though not always, proceeds to other stages. During the first stage, employment is likely to be mainly in marginal and low-wage industry, recruiting workers from farms, and requiring very limited skills. Workers are not very likely to organize unions during this stage. When a second stage of industrialization follows the first, its characteristics are likely to include higher wages, more skill requirements, and more probability of becoming unionized.
- Low-wage manufacturing has tended to avoid areas with heavy black population concentrations, although this might be changing as marginal industry exhausts readily available low-wage labor supplies outside these areas.
- Low-wage manufacturing also tends to avoid areas where the main industry has been high-wage and unionized, such as coal mining and pulp and paper.
- Areas whose political structures are dominated by large-scale agribusiness interests are not attractive to industry. Agribusiness interests are not only concerned about the impact of new industry on labor supplies and wage rates, but the political leaders in such places often have given little attention to education, health, and other human resource programs. If they have better options, managerial and technical personnel do not want to live in these areas or to recruit their work forces from them.

Impact of Industrialization

With respect to the impact of industrialization on the rural South, evidence before the Task Force supports the following conclusions:

- Manufacturing and other nonfarm industrial growth has improved the economic conditions of low-income blacks and whites in the nonmetropolitan South.
- The conclusion that industrialization has not improved the conditions of rural people is based on studies of atypical situations – like that of a new aluminum plant in West Virginia that provided relatively few jobs to low- income people, The aluminum plant was capital-intensive, required higher-than-average skills, and did not locate in a rural area primarily to take advantage of supplies of relatively unskilled labor. The marginal labor-intensive industry more typical of the nonmetropolitan South provides more jobs to indigenous people. Capital-intensive industries provide higher wages, but result in fewer jobs for local people and attract more people from the outside to perform the work local people are not trained to do.
- Lack of education apparently is less a barrier to employment in marginal industry than the lack of skill training and work experience. Nonetheless, employers often use education as an inexpensive way to screen applicants for employment.

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- Nonfarm industrialization also is thought by some people to have limited impact on incomes because of the high percentage of marginal low-wage jobs in rural industry. Although it is hard to argue with the view that the wages of rural Southerners should be as high as possible, a realistic appraisal indicates that marginal industry can be better than no industry at all.
- Black workers in the rural South have special problems because blacks have been displaced from agriculture at a faster rate than whites and have been restricted mainly to low-wage marginal nonfarm employment. The rapidly growing areas of the rural South are outside places with heavy black population concentrations. These facts have caused some people to conclude that rural nonfarm industrialization has not helped poor blacks. The evidence supports the following conclusions:

  (1) The incidence of black poverty in those 244 nonmetropolitan counties with 5,000 or more blacks in 1960 declined from 81 percent in 1960 to 56 percent in 1970; the incidence of white poverty in those counties declined from 32 percent to 20 percent. The number of poor families declined by 35 percent for blacks and 26 percent for whites.

  (2) Thus, despite some improvement, most black families in these Deep South counties were well below the poverty line. Moreover, the growth of manufacturing employment, while benefiting blacks, did less to improve their conditions than it did for whites. Employment grew in these counties by 8.2 percent during the 1960s, but population grew by 14.4 percent.

  (3) Blacks, with 40 percent of the population in these counties in 1960, gained only 16 percent of the nonagricultural jobs – not even as much as the 21 percent they gained during the 1950s. Indeed, because they were displaced from farms at a faster rate than they gained nonfarm positions, blacks in these counties *lost* 97,000 jobs during the 1960s while whites *gained* 287,000 jobs. As a consequence, the black proportion of the work force declined from 29 percent in 1960 to 26 percent in 1970.

  (4) Although blacks in the Deep South counties were still much more heavily concentrated in the lower-paying job categories than whites, they nevertheless improved their occupational positions during the 1960s.

Recommendations

The Task Force encourages a regional agency such as the Southern Growth Policies Board to continue the study of population, employment and income developments in the region, and to disseminate the results of those studies so that state and local governments can more adequately plan for population growth and development.

Since it will not be possible to promote better balance in rural and urban populations without rural development, the states should devote special efforts to human resource development in rural places. Because they are mainly responsible for human resource development in the American political system, the states have a vital role to play in this area.

A system to provide minimum levels of income to people would do a great deal to improve the quality of life for rural people and would reduce the ad-

ministrative costs of welfare. Moreover, such a system would provide assistance to people without damaging their self-respect, as current welfare programs do. Finally, minimum income guarantees to everyone, together with tax reforms, would be more equitable than the present system in which many people eligible for assistance do not participate for administrative or other reasons.

A cash income maintenance program would have the advantages for rural people of providing the poor more control over the use of their assistance benefits, reducing welfare administrative costs, avoiding degrading administrative procedures (such as needs tests and insensitive program administrators) and would considerably improve the economic conditions of the Southern rural poor. And there is no evidence that a cash income maintenance program would materially reduce the willingness of the rural poor to work.

An income guarantee system would do much to reduce the need for administrative personnel to check on eligibility; it would provide benefits directly to consumers, but, as will be demonstrated in other sections of this report, would not eliminate the need for special programs to change present systems to make them more suitable for rural people.

Special efforts should be made in numerous areas to help promote economic development. Paramount among such efforts should be the promotion of leadership training. Because development is not likely without such leadership, the lack of it is a serious deficiency in many places. The Concerted Services in Training and Education (CSTE) concept, discussed later, deserves support at federal, state and local levels.

Where private employment is not growing, federal, state and local governments should make special efforts to meet human resource needs. Sometimes this will merely mean providing better information to help people make more rational moves to other places, but it also will mean special programs to help those places meet their development needs.

Since private profit-maximizing employers tend to avoid certain places as well as screen out certain people, alternative development strategies should be promoted by private organizations and governments. One such strategy that should be encouraged is the use in promoting development of organizations whose primary motive need not be to maximize profit. Promising organizational forms that could be used include cooperatives and community development organizations.

In order to promote wider participation in the benefits of economic development, all sectors of the population should be represented in the official organizations involved in promoting industrial development.

To permit proper assessment, states should encourage independent appraisals of the probable costs as well as benefits of prospective industrial activities. Independent evaluation capabilities should be located in the offices of each state governor. Without such evaluations, it is difficult to know what net effects new industrialization is likely to produce.

States should adopt programs to promote industrial development of places that possess development potential but where development is blocked by business interests afraid of higher wages and labor shortages.

Although blacks have benefited from economic development of the rural South, they still are under-represented in higher-paying jobs and therefore

migrate out of the rural South to improve their conditions. Since many problems for rural areas are created by outmigration of the most productive people, economic reasons as well as racial justice require effective programs to make economic opportunities available on a nondiscriminatory basis. The Task Force therefore believes the adoption of enforceable anti-discrimination laws by state and local governments is desirable and necessary. These laws should outlaw discrimination in employment by public and private employers and pay particular attention to the problems of minorities and women in rural areas.

Rural minorities and women frequently fail to have opportunities to work in expanding rural industry because rural labor market information systems are not well developed. Employers, therefore, have found it more convenient to recruit through familiar sources in urban areas.

Encouragement of rural employment outreach programs to recruit, tutor, and place rural workers as jobs emerge in rural areas would be highly beneficial.

These programs can be particularly effective in providing jobs on major public works projects such as the Tennessee-Tombigbee Waterway Project. The outreach approach has demonstrated its effectiveness in placing minorities in construction trades and minority women in professional and technical jobs. The approach can be equally successful throughout the rural South.

It is clear, however, that different policies must be developed for the problems of small farm operators, for they are actually in a different agricultural system from larger commercial farmers. This is true for reasons other than the size of the two operations. Commercial farmers produce most of the nation's agricultural output. They concentrate more on capital intensive crops, produce more for international markets, are better organized economically and politically, have received a much larger proportion of agricultural subsidies, involve fewer people and draw a larger proportion of their income from the sale of agricultural products. Small farmers, on the other hand, are concentrated mainly in labor intensive crops, involve a larger number of people, receive most of their income off the farm, do not produce a very large proportion of total agricultural output, produce very little for international markets, are not very well organized either economically or politically, and have received a relatively small proportion of agricultural subsidies.

The justification for helping to make small farm operations more viable is based only in part on humanitarian considerations. There are also sound economic reasons for doing so. The Task Force is concerned, from a national, regional and individual perspective, to provide opportunities for people who so desire to remain in farming. From an individual or family perspective, the goal for public policy should be to raise incomes and reduce poverty. Farm income (in terms of cash, but also goods produced for home consumption, the latter being largely ignored in statistics on farm sales) can play a part in achieving this goal.

From a regional perspective, many areas, especially in the rural South, are declining or depressed. There is a serious need for an increased number of income-generating opportunities for people in these places.

II. AGRICULTURAL DEVELOPMENT

Small and Large Farmers

The United States Government's rural policy since World War II has been virtually synonymous with policy favorable to commercial agriculture – that is, oriented toward technical advancement and high farm output through capital intensive production processes. This policy has largely ignored the needs and problems of small farmers, farm workers, and especially non-agricultural workers and their families in rural nonfarm communities. Moreover, it has resulted in loss of jobs through displacement from farming and has done little to help those displaced adjust to employment situations in urban places. Between 1950 and 1970, 2.7 million people were displaced from Southern farms. During those years, 46 percent of farm subsidies went to five percent of the nation's farmers.

To point to such matters does not mean that large-scale commercial farming is unimportant in Southern rural development. It is, of course, extremely important, critically important, and will continue to be so. The Task Force has a basic concern, however, with the problems of low income people, and for that reason has focused greater attention on them than on the circumstances of larger farmers.

The experience of experts who have been involved in efforts to increase job opportunities shows that jobs are difficult and expensive to create. Maintaining job opportunities in farming will not solve all rural development problems – less than a fifth of rural workers are engaged in farm work – but a strategy of maintaining and providing job opportunities in farming is preferable to one of creating remedial programs to try to cope with future job displacement.

But what of the current structure of Southern agriculture and what specifically can or should be done to assist small farm operators? The more important developments and characteristics of Southern agriculture over the past few years illustrate the palpable need for different policies if small farm operators are to survive.

- There was, for instance, a decline from 2.6 million farms in the South to 1.1 million between 1949 and 1969.
- The number of farms operated by blacks has declined much faster than the number operated by whites. Non-white farms have all but disappeared; fewer than 90,000 non-white owned farms remained in the region in 1969. Twenty years earlier there had been 549,000 such farms.
- Sharecropping, a major Southern agricultural institution for generations, was almost eliminated in the South between 1950 and 1969. There were 750,000 tenant farms in the South in 1950, but only 133,000 in 1969. Of the remaining number only 17,000 were operated by non-whites.

- Blacks operate much smaller farms than whites. In 1969 the average black farm operator in the South controlled only 78 acres whereas the average of all farms was 310 acres.
- Despite a trend for farmers to earn higher proportions of their incomes away from the farm, many Southern farmers still depend heavily on farm work. An estimated 35 percent of Southern farmers worked away from the farm 50 days or less in 1969.
- There has been, as previously implied, a growing dominance of larger farmers both within the South and without. In 1950, for example, farmers with sales of $20,000 and over accounted for only 8.4 percent of farms and about half of sales. By 1973, farms in this category accounted for 35.5 percent of farms and 85 percent of sales. (Some of the increase in sales percentages was due to price increases).
- The South contains a higher percentage of smaller farms and older farmers. Indeed, outside the South the average age of farmers has started to decline, but it is still increasing in the South. Since smaller farms operated by older farmers are disappearing faster than those in other categories, the South has experienced a major displacement of farms in the past and can be expected to experience future declines if past trends continue.
- Although black farm populations continue to decline everywhere, the size of the decline is significant mainly in the South, where the decreasing number of blacks more than offsets the increase in the white farm population. As a consequence, total farm populations increased outside the South, between 1970 and 1974, but declined in the South.

While it is difficult to measure the precise impact of past and present federal agricultural policies, it is certain that they have subsidized land and capital and therefore greatly favored larger farmers. The main benefit small farm operators have received from these policies has been that those who owned land were able to sell out at higher prices than probably would have prevailed in the absence of subsidy programs.

Tax policies also favor large farmers and have caused distortions in agricultural markets and forced up the price of farm land.

A vast network of U.S. governmental agencies has helped change the structure of agriculture. Small farmers have received relatively little help from these agencies, while larger operators have profited more from subsidies, both in cash payments and in the form of research and technical assistance. Much agricultural research has not been suited to small-scale production. That which is suitable has often not found its way to the small farmer because "outreach" programs have generally been lacking. Moreover, small farmers, especially small black farmers, have historically had little or no effective part in the decision-making processes that determine the direction and implementation of policies. There have been some improvements in policies that led to discrimination against blacks in the South, but the changes came after the mid-1960s, which means after most black farmers had been forced from the land.

Foreign experiences provide some useful insights into what conditions would be if U.S. policies were different. Small farms have demonstrated considerable durability even in socialist countries such as the Soviet Union, where the ideological environment has been hostile to this organizational form.

Soviets have been unable to do away with small farmers, who generally farm less than 2.5 acres, because those farmers on one percent of the land produce about a third of the value of Russia's total agricultural output. Similarly, the experience of Taiwan suggests that under certain conditions the average small farm operating on about 2.5 acres can be more efficient, in terms of cost per unit of output, than larger farms producing the same crops. International comparisons also suggest that smaller family farms might be most efficient in labor intensive crops requiring limited amounts of land and capital.

These comparisons suggest, moreover, that farmers all over the world have a strong preference for owning the land they till. When they do, they will produce as efficiently as they can in response to market incentives.

Larger farms have management and labor problems because hired managers are more cautious in making decisions that might cost them their jobs. Also, hired labor seldom produces the quality of work that owners will perform on their own land.

Farming experience in the United States and abroad also reveals considerable diversity in profitability among farms of all sizes. This diversity is concealed by the use of aggregate statistics as measured by profits and losses. Clearly, there are efficient and inefficient farms in all size categories. There is, consequently, considerable room for improvement in the agricultural output and profitability of small farms through appropriate public policies.

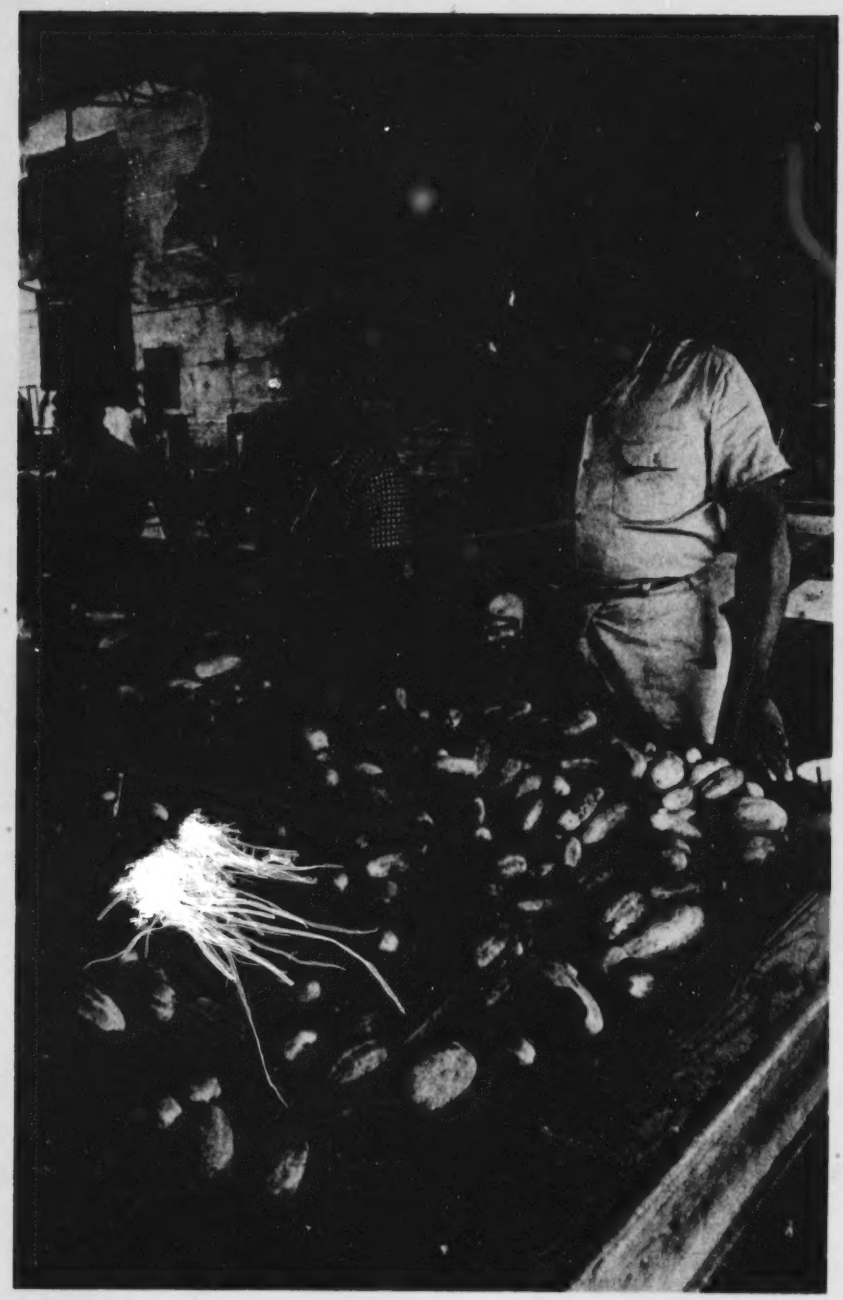
Farmworkers

Technological changes have greatly reduced agricultural labor requirements in the nation and in the South. As with farm operators, black and other minority farmworkers have been displaced at a much faster rate than whites.

The declining number of agricultural workers, the growing size of farms, increased use of machinery and other technological changes *have* improved the conditions of the remaining agricultural workers. Their earnings and work days have increased. Moreover, as is true of small farm owners, there is a growing trend for agricultural workers to combine farm and nonfarm work.

In spite of these improvements, however, farmworkers' wages, hours, and working conditions still put them at the bottom of the occupational ladder for the following reasons:

- Primarily because of their limited political power, farmworkers have never been as well protected by labor legislation as nonfarm workers.
- Child farm labor is restricted for the most part only by federal legislation, which covers all places of employment.
- Only one Southern state has a minimum wage law covering agricultural workers. Coverage under federal legislation does not reach most farmworkers.
- Regular unemployment compensation in the South does not extend to farm labor under either state or federal legislation.
- Farm labor is excluded from federal labor relations legislation and, in the



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South, is included in state labor relations legislation only to the extent of being covered by state right-to-work laws.
- Despite the hazards of agricultural employment, farm labor is excluded from compulsory state workers' compensation programs.
- Farm labor *is* covered by federal occupational health and safety regulations.

Recommendations

Public agencies must and should play an active role in providing comparable services to small and large farmers alike, and in encouraging an institutional environment in which the small farmer can exist. The problems of the two are very different, and the demonstrated social and political influence of the two is very different. A separate agency to deal with needs of small farmers should be created within an autonomous department or agency for rural development. Such an agency could deal in more effective ways than the U. S. Department of Agriculture has been able to do with the problems of smaller farmers.

We believe that public funds can be better used to help make small farmers largely self-sufficient than to provide income maintenance for displaced farmers who have limited alternatives. An extension program should be developed to disseminate research and demonstration findings to small farmers and to provide training and technical assistance programs for them. Responsibility for this program should not be restricted to the land grant college system, but should be implemented through whatever available organizations or institutions are most appropriate for particular purposes. For example, private cooperatives or non-land grant educational institutions might be more effective when a land grant university is predominantly occupied administering programs designed to aid larger farmers and not specifically addressed to problems of small farmers.

The problems of small farmers are not limited to technical inefficiency. Small farmers also face severe capital and land limitations. Many of their problems arise from a general lack of credit. Small farmers, as will be shown later, have not been adequately served by existing credit institutions, including the Farmers Home Administration. The creation of a rural bank with a special program for small farmers would help fulfill the small farmers' credit needs.

It is clear that small farmers' lack of political and economic power has diminished their ability to affect agricultural policies. Small farmers need to develop strong organizations to take advantage of such external economies as quantity discounts and marketing strength, and to be in a position to exert pressure for legislation affecting them. Public and private support for cooperatives is needed to help small farmers achieve self sufficiency.

Other public policies that would increase the viability of small farmers include:
- **Stabilization of agricultural prices through a national or international food reserve with minimum price guarantees.**
- **Stabilization of incomes of small farm families by minumum income guarantees.**

- A research and demonstration program to develop techniques to improve the income potential for small-scale farming through such means as developing farming techniques (including care for the soil, which will protect future yields), record-keeping procedures, plant and livestock strains, and equipment.
- Tax differentials and other public policies that give large farmers competitive advantages over smaller farmers should be eliminated.

Changes in policy alone, however, are not enough for the adequate protection of agricultural workers, as distinguished from small farm owners. Legislation needed for farmworkers includes:

- Minimum Wage:

  (1) Extend the Fair Labor Standards Act by amendment to include piece-rate coverage equivalent to the minimum wage provisions, or;

  (2) Establish state minimum wage laws using Fair Labor Standards Act criteria for all employers who hired more than 500 man-days in a peak quarter during the previous year, and include piece-rate criteria. The Texas Minimum Wage Law could serve as a starting point.
- Unemployment Compensation: Extend state unemployment compensation laws to include agricultural employment in the definition of employment covered.
- Workers Compensation: Extend state laws to include agricultural employment in the definition of employment covered.
- Agricultural labor relations: Extend the National Labor Relations Act, and establish state laws, to embrace agricultural labor in the collective bargaining process, including:

  Secret ballot elections.

  Allowing consumer boycotts by authorized unions engaged in a legal labor dispute.

  Providing for harvest time strikes/lock-outs that could be modified by binding arbitration.

  Establishing a separate Agriculture Labor Relations Board *within* the body of law established by the National Labor Relations Act to provide rulings within the limited time period established by the binding arbitration proposal.
- Measures should be taken to strengthen prohibitions against the use of illegal aliens, especially by prohibiting employers to hire such workers.
- Special demonstration programs should be undertaken by the Department of Labor to stabilize agricultural employment, by showing how to make year-round employment opportunities available and how to create more opportunities to upgrade employment.

III. SELECTIVE EMPLOYMENT PROGRAMS

Nature and Components

Since selective employment manpower programs are designed to match people with present and future jobs, such programs have major implications for human resource development in the rural South. These programs have a number of basic components:

- Labor market information systems provide workers with a knowledge of jobs, and employers with information about workers. Labor market information also is needed for human resource program planning and evaluation purposes.
- Pre-employment and pre-training programs prepare people for jobs or training programs. These programs provide counselling, recruitment, remedial education, and other services required to prepare people for jobs or training.
- Training equips people with job skills or improves existing skills.
- Public employment provides jobs for people who are unable to obtain jobs in the private sector. Public employment may take several forms:

  (1) Public service employment usually results from subsidies to governments to hire unemployed workers to perform established services such as police, fire, sanitation, or building maintenance.

  (2) Supported work projects (also called work experience programs) put particular groups (unemployed youths, welfare recipients, older workers, etc.) to work, but not on regular public payrolls.

  (3) Public works programs provide jobs for the unemployed or other disadvantaged workers, constructing or maintaining especially created public facilities or otherwise rendering special public services. Such work usually is performed by private contractors, and the employees are not on public payrolls.
- Measures to improve the operation of labor markets are another component of selective employment programs. In national economic policy, a basic objective has been to improve the operation of labor markets to achieve lower levels of unemployment with less inflation. Improving labor market information systems or otherwise facilitating the matching of workers and jobs would help to do this. Similarly, public employment programs are the least inflationary ways to reduce unemployment because their impact is directly on the labor markets with high levels of unemployment, rather than indirectly through money markets, product markets, or other labor markets.

It is important to emphasize, however, that the effects of various public employment programs can be very different. Public works programs, for example, have the greatest capacity to put the disadvantaged to work and to put other unemployed people to work. Public service employment is primarily

useful in providing jobs for the kinds of people who ordinarily work for state and local governments (and these usual employees are not the disadvantaged).

Although there is considerable disagreement over how best to undertake rural development, advocates of competing strategies agree that manpower programs have an important role to play. Those who advocate relocating surplus people within growth centers would use relocation projects and improve labor market information systems to accomplish their objectives. Some relocation advocates contend that relocation is a better strategy than attempting to develop rural areas that have limited development potential.

Those who advocate rural development disagree with the relocation strategy because they feel that very few individuals gain from relocation, and that from a broad social point of view, relocation can be detrimental to both rural and urban areas. The most productive people leave the rural areas, and yet they are often not well-equipped by training, education or experience for urban living or nonfarm jobs. Rural development advocates, therefore, emphasize programs to improve the living conditions of people in both rural and urban places.

Innovative Approaches

Although selective employment programs have not even approximated their potential as instruments of rural development, a number of very useful rural programs have been developed.

"Start-up Training" could be an important adjunct to industrial development. This concept seeks to overcome simultaneously some of the major industrial development and employment problems. Critics have complained that employment programs have trained people for non-existing jobs, while employers often complain about both the shortage of skilled work forces in rural areas and the absence of information about the attitudes and skills of rural workers. In theory, start-up training meets these criticisms by upgrading workers through training for more highly-skilled jobs and guaranteeing employers a supply of workers to meet their specifications. This is done by training workers for new jobs well in advance of their opening. Training is done usually by the company that is locating in the area. The match between jobs and training thus is improved by having prospective supervisors serve as instructors and training potential workers on machines and procedures they will be using when the plants open. The start-up training idea can be applied to public as well as private jobs.

The concept, however, has not always worked as planned. The approach has not had demonstrable effects either on industrial locations or on upgrading skills of very low income workers. This is not because of defects in the concept, but mainly because state authorities promoting industrial development have typically been primarily responsive to the needs and interests of private employers, whose first incentive is to operate a profitable enterprise, and only secondarily to the needs and interests of the people living in an area and who are potential employees. The states have generally not given priority to training low-wage workers or providing start-up training to employers who would

locate in areas by-passed by profit-maximizing enterprises.

A number of programs have been designed to overcome problems of access to employment services by rural people. As is the case with other services, rural people usually get short-changed in such programs. Biases are built into the allocation of funds because the official unemployment rate is used to measure need. This rate, as we have seen, greatly underestimates the unemployment problems of rural people.

Other access problems are created by the difficulties of rendering selective employment services to sparse populations. A number of programs have been developed to deal with these problems, including: "Operation Hitchhike" which attaches selective employment programs to existing rural institutions, the Area Concept Expansion (ACE) which links central employment service centers to feeder units reaching into less densely populated areas, and programs to render services to special groups, such as Mexican-Americans or migrant workers.

Another program designed specifically to help rural people is Concerted Services and Training in Education (CSTE). This was a pilot effort to improve smaller communities in rural areas by demonstrating that education and occupational training, in conjunction with other economic development activities, could significantly help to increase employment opportunities.

The CSTE concept calls for putting a coordinator into a county or group of counties to bring together the available resources and strategies necessary to promote rural development. These programs overcome the traditional rivalry among government agencies, a rivalry that frequently impedes development, by selecting as coordinators respected local community people who represent no established government agency, and whose thorough familiarity with local conditions enables them to help develop programs to fit those conditions. The

CSTE concept has been widely acclaimed by public officials and others concerned about rural problems.

Though the selective employment system has a strong urban bias, these services can be extremely helpful to agricultural workers and small farmers by improving their skills, by enabling them to earn higher incomes, both on and off the farms, and by assisting them to secure jobs with greater security.

Selective employment programs could also be used to strengthen agricultural organizations. Cooperative leaders could benefit from training, and agricultural organizations could administer manpower programs in rural areas.

One of the most significant selective employment developments during the 1960s was the outreach concept to recruit, tutor, and place people in training programs and jobs. This concept arose from the realization that simply to announce that training programs or jobs are available is not effective for many people who have previously been excluded from employment opportunities by institutionalized patterns of discrimination and other community behavior. Active and positive efforts are required to overcome the effects of such previous experience.

Outreach in apprenticeship programs, which formerly barred blacks, other minorities, and women, have been among the most successful of such efforts. The essential ingredient of an effective outreach effort is an organization led by dedicated people. The concept is based on a *quid pro quo* between the outreach program and the target industries or unions.

One program that gives considerable promise as a successful application of the outreach concept in rural areas is the Corps of Engineers Tennessee-Tombigbee Waterway Project in Mississippi and Alabama. Because of poorly organized rural labor markets, where effective outreach programs do not exist, employers often are inclined to recruit their work forces from urban areas. They do this because urban labor markets are more structured and better known to them, even though they may be bringing urban workers into rural areas with a labor surplus. A rural-based organization like that created in connection with the Tennessee-Tombigbee project can provide information about local workers who can be recruited and trained to fill many of the jobs on rural projects. Rural employment outreach programs might, therefore, relieve some of the pressure on tighter urban labor markets, while reducing unemployment and subemployment in rural areas.

More importantly for rural people, the outreach concept could accelerate industrial development by moving people directly from the farms into higher-paying nonfarm jobs, without the long process of successive waves of higher-paying industry that has ordinarily occurred with rural industrial development.

There are many ways selective employment programs can be used to promote rural development. Nevertheless, these potentials have not been fully realized for a variety of reasons, including: the urban bias in the design of selective employment programs; the urban bias in the ways manpower programs are administered; inadequate resources appropriated for manpower programs; and the absence of manpower expertise in rural places.

Recommendations

A number of policy changes could increase the potential of selective employment as an instrument for rural development.

- Selective employment authorities should develop allocation formulas for training and employment funds that would be less biased against rural areas. Allocation formulas based on the subemployment rate rather than the unemployment rate would provide more realistic funding for rural areas.
- There should be an independent Rural Selective Employment Service within the U. S. Department of Labor and within the governor's office in each state to:

  Serve in an advocacy role for rural concerns;
  Undertake demonstration projects;
  Serve as an information clearinghouse to support rural employment programs national in scope;
  Provide technical assistance to state, local, and community manpower programs;
  Develop innovative rural employment programs geared to the realities of rural labor markets.

- State manpower services councils and governors should support programs that have exhibited merit in alleviating problems of rural people. Some of the most promising include:

  Start-up training programs;
  Rural employment outreach;
  Concerted Services in Training and Education;
  Publicly funded employment, including programs conducted by private organizations whose objective is to provide employment to disadvantaged persons not likely to find opportunities in the private sector.

- Organizations that take employment services specifically to rural areas should be encouraged and developed. Such organizations include cooperatives, community development corporations, labor organizations, and civic organizations, as well as local units of government and specialized manpower organizations.
- Although most rural employment and training programs should focus on rural nonfarm employment, the labor needs of agriculture should not be ignored. Selective programs should be encouraged to upgrade the farm and nonfarm skills of small farmers and agricultural workers.
- Since better job opportunities are essential to the needs of rural people, special attention should be given to relationships between employment and training programs and economic development. The "start-up" training concept is in this category, but other desirable programs include the use of rural development coordinators to identify development opportunities and draw together the necessary resources for economic development. Development plans should pay special attention to development opportunities that will meet the multiple needs of rural people. For example, rural health care delivery programs, while providing medical services, have the added benefit

of creating jobs and promoting community organization. Development programs to meet housing and education needs can also simultaneously stimulate economic development by providing jobs.

- A better base of information for analyzing rural problems, and for planning rural selective employment programs, is needed. The Southern states, through the Southern Growth Policies Board, could lead in establishing an improved system for collecting and making available information on rural workers and their skills, and could provide technical assistance to state and local agencies to help them in generating, interpreting, and disseminating data needed to perform their particular missions.

IV. EDUCATION

Importance for Rural Development

No better illustration of the systemic nature of rural problems can be found than in education – whether education is viewed as the informal learning processes associated with all life experiences, or as the formal processes associated with schooling. Education influences and is influenced by all other aspects of rural development. And formal education not only improves the quality of life for individuals, but also through direct expenditures has important economic consequences for communities.

The quality of education has a direct bearing on the quality of the South's leadership. Rural Southerners who migrate after being educated in the South also influence the quality of life in urban areas North and South. Moreover, the quality of education influences the ability of rural Southerners to earn a living and deal with their political, social, personal and economic problems.

Because it is one of the most prominent and pervasive social institutions, the formal school system can be a force for social harmony or the lack of it. An individual's sense of personal worth and dignity is strongly influenced by the values projected by school systems.

The educational system in most rural areas is also a significant part of the local political process. The chief executive of the educational system, the superintendent, is one of the most politically involved persons in rural or urban areas.

The educational system also is a screening and psychological conditioning process. At an early age, children are sorted out by tests and other devices. This early selection, according to some experts, bars many children from reaching their potential in a rapidly changing society. Education also can perpetuate community traditions that limit educational and subsequent employment opportunities by, for example, requiring or encouraging girls to take home economics courses without regard to their individual preferences, or more generally by transmitting conventional concepts of which occupations are suitable for women and which are not.

Since education transmits values, Southern rural education can free the mind or confine it. It can either energize students or destroy their initiative. It can help to develop leadership that is informed, compassionate, realistic, forward looking, or leadership that will be less effective in meeting the requirements of Southern rural development.

Characteristics of Southern Rural Education

Southern rural education has a number of characteristics that set it apart from rural systems in the rest of the country. One of the most significant of

these is the intensity and pervasiveness of poverty, which causes education to have different meanings for the poor and the non-poor. Most higher-income families view education as a road to progress; for the poor, it is frequently viewed as an obstacle course to be surmounted until the children can go to work. Moreover, it often is difficult for poor children to participate in school programs because of inadequate clothing and food, both of which affect the ability to learn. Because of overcrowded housing, many poor children do not have adequate space and privacy for study purposes.

Blacks and Mexican-Americans have had special educational problems associated with segregation, discrimination, and social isolation. Although there has been improvement in this aspect of Southern rural education, the effects of the past linger. Minority group children, and also poor whites, often feel alienated within the educational process. Rural school systems often perpetuate these status inequalities.

Migration is one of the most serious deterrents to the improvement of rural education in the South. It has meant that younger and more formally educated adults have moved to urban areas, leaving behind a residual population heavily loaded with older residents and younger children who are least able financially to support an education system.

The heavy reliance of county governments on property taxes also impedes the development of high quality rural educational systems. Such reliance makes it difficult for poorer areas to finance the kinds of schools that could narrow the educational gaps between rich and poor communities. The problem is thus self perpetuating, for an ineffective educational system hinders the attraction of industry, and without industry and higher incomes, financing of an educational system chiefly from local sources is difficult.

Rural School Consolidation

Over the past 50 years, considerable attention has been given to consolidation of rural schools in the South. Consolidation attracted teachers who had more advanced degrees. It also made a wider range of scholastic choices available to rural school students. In many cases, consolidation eliminated overhead costs and produced other economies. Nevertheless, serious questions have been raised about how effective school consolidation has actually been.

In spite of the fact that some economies have clearly occurred, most of the consolidation programs were not based on accurate cost data. Consolidation of rural schools has often resulted in increased transportation costs, purchasing expenses, and teachers salaries. More importantly, it is argued now by some informed observers that consolidation has had little discernible impact in improving the quality of education.

Consolidated schools have had some disruptive effects. Parents have tended to lose control of schools as their control has increasingly been taken over by professionals. As a consequence, the sense of community in many rural localities has been diluted because often neither students nor teachers live in the communities where the schools are located.

Consolidation has also had important implications for blacks in the rural

South. Many of the schools closed as a result of consolidation – and desegregation – were predominately black institutions. So, black teachers lost their jobs and many black communities lost an important institution.

The Private Academies

In the eleven states of the old Confederacy, private schools constituted less than one percent of school enrollment in 1953 and 1954. By 1971 this had increased to between six and twelve percent.

The professed objective of the so-called private academy movement has been to maintain and improve the quality of educational offerings for students attending the academies. The movement also, however, seems likely to prolong racial tensions, and more generally to undermine concepts of equality. At a minimum, it causes the funding of a separate system of education, with a decline of interest by an important sector of the population in financial support for the public schools. There is already a danger in some areas that the public schools will become almost exclusively black, while whites will go mainly to private schools. The emergence of these new institutions also intensifies social barriers between middle and working-class whites, because poor whites cannot afford expensive private school tuition.

The growth of the private school movement is, of course, not due entirely to

racial considerations. There are other aspects of the public school system that have caused concern to parents, especially in the rural South. In addition to concern over the quality of public schools, these include the de-emphasis on religion and prayer that has occurred and a desire to have an educational system that encourages greater respect for adults and parents.

Outcomes of Southern Rural Education

Evidence from scores on standardized tests, and induction examinations for the armed services, show that white Southerners, and especially black Southerners, lag behind their counterparts in the rest of the country. Not only do Southern educational attainments, measured in these ways, imply deficiencies in Southern educational systems generally, but the vocational education systems in the rural South are criticized for inadequacies. They tend to be limited in the choice of subjects offered and therefore are not sufficiently adaptable to the needs of the labor market.

Education as an Investment

During the 1960s, economists emphasized the favorable economic returns on investments in education to justify larger public expenditures for schools. These investment conclusions were challenged during the 1960s and early 1970s by studies showing that expenditures on schools had little to do with achievement test scores. These studies showed that parents' income, education, and occupations were consistent and significant predictors of student achievement levels. No other factor was found uniformly to have had a statistically significant influence on student achievement.

Although the studies raise intriguing issues, they must be viewed in perspective. Factors influencing both student achievement and income levels are very complex and no *one* approach to education is likely to produce significant across-the-board results. Also, the failure of the studies to demonstrate a relationship between, on the one hand, school facilities, teachers, and certain other attributes of a school system and, on the other, educational achievement and earning capacity, does not mean that such relationships do not exist. The relationships probably exist, but the statistical techniques used to establish them are too crude to capture the effects of various approaches to education. Similarly, most of these studies are designed to explain the impact of *differences among schools.* If there is little variation in education procedures among schools, the data would not detect a causal relationship. In other words, if all the educational institutions were doing approximately the same thing, and if the things they did were improving student educational achievement, these statistical techniques would fail to measure the impact of those factors on educational achievement.

Most of the studies use averages on such matters as numbers of teachers, facilities, and student achievement within schools. These averages probably

obscure significant in-school variations that account for differences in achievement levels among different students within a school.

With present statistical techniques, moreover, it is difficult to control adequately for background and schooling influences that are so correlated that it is almost impossible to separate them statistically.

Finally, the statistical measures employed can only detect measurable quantitative relationships. There are other factors involved in achievement that cannot be captured by these techniques. One of the most important of these is motivation.

These statistical studies are defective not only in terms of their inability to measure important factors affecting student achievements, but are equally defective in measuring student results. Most of the measures used related to test scores in reading, writing, and mathematics. But almost none of these studies included such important measures as the ability to reason abstractly, to achieve personal adjustment, characteristics of personality and personal values, and other factors involved in trained intelligence, all of which defy detection with the crude statistical devices currently available to analysts.

Perhaps the best approach to take with respect to education is the one we ordinarily take in other activities; i.e., if it is logical to assume relationships between schooling, education, and income, the burden of proof should be on those who believe that no such relationship exists. Most of the critical studies show that a relationship cannot be *proven* conclusively, not that there *is* no such relationship.

We believe, moreover, that so long as employers use education to select employees, and so long as there appears to be a logical relationship between education, productivity, and income, the South in general, and the rural South in particular, should concentrate its efforts on improving the educational quality of its people.

Recommendations

When the educational problems of the rural South are considered in their totality, some issues deserve immediate attention. Others will require long range solutions, because of the complexity of political and social institutions in which rural education is imbedded. To begin the process, five major reforms are vital: increased attention to the training of educational professionals, more effective parental participation, revised funding of local schools, changes in the content of educational offerings in rural schools, and expanded, improved educational opportunities for minorities.

- **Rural teachers must be more broadly trained both to deal with the unique educational problems of rural youths and to provide leadership for rural development. Southern colleges and universities that train educational professionals should give greater emphasis to these goals in designing their curricula. Unfortunately, the teaching of agriculture and other subjects related to rural areas is relegated almost exclusively to the land grant colleges. Agriculture and other rural subjects are too important to be ignored by other colleges and universities. Concentration of research, service and**

teaching programs in the land grant colleges tends to emphasize only certain points of view toward rural development. Solutions to rural problems are by no means clear. A diversity of experiments, demonstrations, and approaches is therefore essential.

The kinds of preparation presently given vocational education teachers require attention. The majority of Southern states are still training teachers to teach subjects that do not prepare youths for work in actual labor markets.

Greater emphasis should be given to predominantly black institutions that train teachers. Rural areas in the South have large numbers of disadvantaged low income blacks. Increased funding of black institutions that serve these populations is necessary to allow them to compete for better teachers and to improve current faculty.

Predominantly white institutions should increase their recruitment programs for attracting minority enrollments to special education programs. Presently, most institutions in the South have low enrollments of blacks in programs that serve special categories of students, e.g., the gifted, the handicapped. Expanded course offerings should, therefore, be combined with active recruitment. In this manner, special populations having handicapping conditions will be better served.

A program should be established to provide better qualified teachers for rural school systems. The program should include field-based experience, should require four years, and should be explicitly designed to train additional personnel for schools in rural areas. These teachers should specifically be trained in all aspects of rural development, both to teach more effectively and to provide community leadership.

- The poor and minorities have had little to say about their present systems of education. Threats of economic coercion have often effectively prevented the participation of many poor people and minorities in the political process, and consequently, ultimately, in the educational process.

  Effective parent education programs should, therefore, be instituted to assist minorities and the poor to understand educational policies. Parents, especially in areas undergoing desegregation, must become organized and informed to participate effectively in the decision-making apparatus of the educational system.
- Funding for public education in rural areas must be changed. The states and the federal government should develop programs to equalize expenditures in local school districts. Continued heavy reliance on property taxes by local school districts impedes the improvement of rural school systems.
- If needs for skilled workers of the next decade are to be met, rural Southern education must begin to bear its share of educating students to participate fully in all relevant labor markets. More and more diversified vocational education programs are needed for students in rural Southern schools.

  Greater availability of career education is also needed. A career education approach that allows education from infancy to old age should be implemented in rural schools. The need is especially critical for rural youth who tend to be confined by the established social habits and cultural expectations of their families or small communities. Career education is also impor-

tant for persons who otherwise would have limited career opportunities.

Business and industry should become more involved in formal rural education. The business community in rural areas should be encouraged to involve itself more both financially and through leadership in rural school matters. This would allow schools to draw not only on business talent and ability, but also upon equipment and facilities that might not be available through local financial channels. Also, control of the schools would continue to reside in the community, and the fusion of "new blood" into the community school concepts would be possible.

The results of vocational-technical programs in the rural South should be evaluated with a view toward making them more responsive to labor market needs. Some interstate agency, perhaps the Southern Growth Policies Board, should serve as a clearinghouse for evaluation and for proposing innovative programs in rural education. Exemplary vocational and technical programs should be identified and evaluated; information about these programs should be widely disseminated to the public and to those responsible for education policies.

- Minorities are still not being well educated by Southern rural educational systems. There is substantial evidence of discriminatory practices toward blacks and Mexican-Americans in many rural schools.

Federal program officers should undertake more diligent antidiscrimination monitoring of programs for migrant families and of other programs designed to increase the achievement of minority children.

A systematic study of procedures used by Southern rural school districts in educational placement should be conducted. Placement at a particular academic level, or in a particular student group, tends to be permanent. Lack of skilled and equitable treatment can consequently have serious, lasting results. Many blacks and Mexican-American students still are not afforded fully fair treatment by the processes that lead up to placement.

Programs to increase the sensitivity and awareness of educational personnel who deal with minority children should be encouraged.

Black and Mexican-American parents who feel "left out" of desegregated parent-teacher associations need either to become effective participants in these organizations, or to come together among themselves to express their common interests. Only effectively mobilized parents are able to insist on the right of their children to be well educated, and can prevent their being unfairly suspended or expelled because the school is not well adapted to supply their educational needs.

A systematic study of the "private academies" of the South needs to be undertaken. An independent study is needed to assess the long term effects of private education on the public education systems of the rural South. Also, planning needs to be undertaken by people of good faith to insure that massive resegregation does not occur in the South. A biracial council of varied interest groups could be helpful in developing such planning activities.

V. HEALTH

Nature and Significance

Several distinctions can be made between the health problems of the rural South and those of other rural and urban areas. One of the most important of these is the greater prevalence of poverty. Poverty influences the health of people as well as their ability to develop remedial and preventive health programs. In addition, the rural South has a more limited availability of health professionals, particularly medical and dental professionals, than other areas of the country. The rural South also faces special problems with poor water quality and sanitation facilities. Inadequate transportation makes it difficult for many people to gain access to health care.

Health problems are more severe in Southern rural areas than elsewhere. The rural South has higher infant and general mortality rates; higher incidences of restricted activity because of health problems; higher incidences of most chronic diseases; lagging nutritional levels; fewer patient care physicians in relation to population.

The health of rural Southerners is adversely affected by a large number of important conditions that make improvement difficult.

- The high incidence of poverty lessens the ability of people to pay for health care.
- Rural residents are less often covered by private health insurance plans, and the plans they do have are less comprehensive than those of urban residents.
- The coverage of public programs is less extensive in the nonmetropolitan South than in other areas.
- While a greater proportion of rural residents is elderly, and Medicare has been of considerable assistance to them, the program sets lower reimbursement levels for physicians practicing in rural areas.
- Attracting health professionals, particularly physicians, to the rural South is difficult. Medicare also makes it difficult to develop clinics staffed by non-physician health professionals who can deliver a limited range of health care to isolated rural areas.
- Medical professionals risk professional isolation in rural areas.
- The scarcity of health professionals causes those who do locate in rural areas to be overworked and to have limited time for their families and for recreation and professional activities.
- Because a minimum population is required to support a physician, low population densities make the establishment of traditional solo medical practices difficult.
- The establishment of rural medical practices can be more expensive. Start-up costs are often increased by the need to build facilities that, in urban places, are usually already available.
- Rural areas often lack the cultural, entertainment, educational, and housing facilities many health professionals want.

- Prevailing medical specialization means that fewer doctors are available to rural areas because rural population densities are not ordinarily great enough to support specialists.

The medical system and legal restrictions on the practice of medicine also constitute important obstacles to the establishment of rural health systems. Although the medical system in the United States has never been monolithic, and there are trends toward a higher number of primary care physicians, the medical profession has embraced several dominant values that discourage rural practice.

The critical importance of specialization needs to be emphasized. Between 1940 and the 1960s, an increasing proportion of medical care was delivered by specialists who required dense populations and a close association with medical centers. Rural areas are not attractive to specialists, and specialists are usually not appropriate for meeting the health care needs of an entire rural population.

Similarly, there has been a proliferation of medical technology, much of which also must be located in urban places, or dense medical centers, to be used effectively.

Health care for blacks, Mexican-Americans, and other minorities is impeded by insensitivity and by discriminatory practices found in many rural medical facilities. Some physicians still maintain segregated waiting rooms, and black patients are restricted to certain hours of the day in seeing private physicians. These and other such practices are burdensome for rural poor people who have few alternative sources of health care.

New Approaches to Rural Health Care

Several new approaches to health care in the rural South seem especially promising. These include:

- Comprehensive health centers providing a wide range of health and health related services.
- Nurse practitioner or physician assistant primary care centers.
- New types of group medical practice and team approaches.
- Innovations in health professional education, such as: area health education programs; communications systems linking rural physicians with rural and urban health centers; emphasis on preparation of students for rural practice; designing new roles for non-physician health personnel; and family practice residency programs.
- One of the major difficulties with traditional medical practice in rural areas is the instability created by the loss of a physician. While the turnover of a few health professionals may have no noticeable impact on a large urban area, rural communities having fewer professionals to start with are more vulnerable. Several approaches have been developed to help bring about more stability to rural practice in the South. These approaches include the creation of a community organized and controlled non-profit corporation that takes the responsibility for attracting health professionals and maintaining a stable health care center. Other approaches use health providers in

nearby larger communities to sponsor primary health care centers in rural communities.

Community or consumer-sponsored rural health projects have a number of advantages. One of the most important is the indigenous leadership base for the development of medical facilities that such a project provides. The development of a successful community or consumer-sponsored rural health project also can have beneficial psychological effects on a community. Community involvement in a health project probably helps to insure its success by stimulating larger community use of the facility. Community sponsorship can lead medical practitioners to be more concerned with preventive and environmental health problems. Preventive medicine is essential. It does little lasting good to treat diseases if nothing is done about the underlying causes of those diseases. A medical system operated entirely by medical professionals is less likely to emphasize broader environmental and preventive problems.

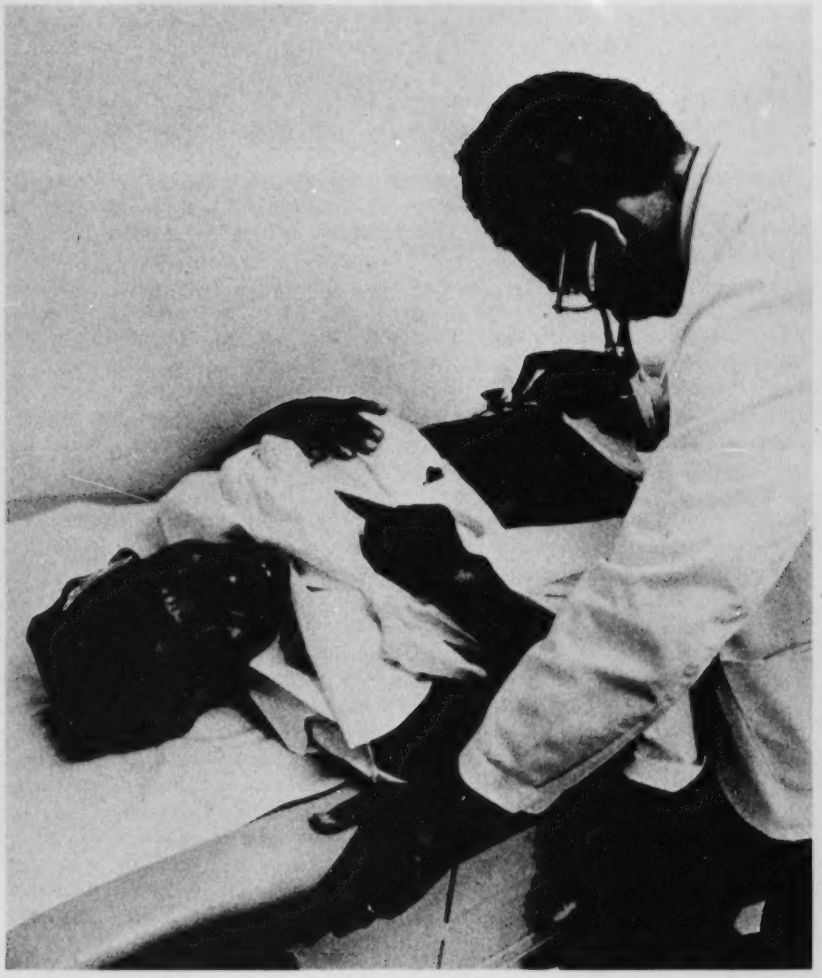
Sponsorship of rural health systems by area medical schools is another approach. This approach has the advantage of obtaining physicians for towns that could not attract their own. Medical students, exposed to rural practice through this means, may develop greater inclination to practice in rural areas. Participation in a rural health project might also induce some changes in a medical school, increasing its responsiveness to rural health needs – either through changes in admissions policies or in curriculum.

Sponsorship by a medical school also can have disadvantages, particularly the instability created should the school withdraw its support. In addition, patients may complain of the time it takes to be seen by a medical student and also by the staff physician, and may feel uncomfortable because of the number of persons attending the cases. Medical school-sponsored health projects also are more likely to take a less comprehensive, primarily medical, approach to health than are community-sponsored projects.

Alternative Models of Rural Health Delivery

Innovative approaches to rural health also reveal considerable diversity in the range of services provided and the mix of professionals used. Three major types, however, seem to offer the most hope for improving rural health among the approaches examined by the Task Force's special Rural Health Project. These are: (1) comprehensive health centers that do more than provide just medical care; (2) health centers staffed primarily by nurse practitioners or physician assistants; and (3) group practices, consisting of two or more primary care physicians or a team including physician and non-physician health professionals.

Each of these models has advantages and disadvantages for different circumstances. The main advantages of the comprehensive health centers are their ability to address a wide range of medical problems and the ability to reach populations not ordinarily served by traditional medical facilities. These traditional facilities in the rural South have been established largely to serve low-income people or minorities. Ideally, comprehensive health centers offer the best hope for total health care to the poor.



The main disadvantage of the comprehensive health centers so far has been their cost. The total cost per "encounter" in many projects averages $35-40, as compared to $15-20 in more traditional medical projects. The medical cost alone, however, in the comprehensive health centers, is roughly $20 a visit, which is competitive with other types of providers. Because these centers have relied heavily on government and other outside sources of funding, the uncertain financing becomes a major disadvantage.

Health centers staffed with non-physician health professionals (such as nurse practitioners, physician assistants, and nurse midwives) are another approach to primary health care in rural areas. They have been remarkably successful in recruiting and retaining professional staffs. For example, of the 90

nurse practitioners trained at the University of North Carolina before 1975, only seven failed to return to the rural area they had agreed in advance to serve.

Nurse practitioner health centers are relatively low-cost operations. In contrast to the comprehensive health centers (whose budgets may run from $500,000 to $4,000,000 a year), centers staffed by one or two nurse practitioners and part- time physicians have average annual budgets in the range of $60,000 to $80,000. As a consequence, many rural communities that are too small or too poor to support a more expensive system can at least have this type of primary health care.

The approach, however, has some disadvantages. One of these is the reluctance of major third-party insurance programs to pay for services rendered by nurse practitioners when a physician is not physically present. Medicare does not pay for services under these conditions. Even those states covering these services under Medicaid require the payments to be made directly to the sponsoring physician rather than to the health center. This requirement necessitates a negotiated agreement between the health center and the physician, which has often favored the physician.

Other potential difficulties for this health model are more long-range. Rural health centers, staffed by a single nurse practitioner, eventually may face the same difficulties currently confronting solo-physicians. Demands on their time can become overwhelming. The nurse practitioners can find themselves unable to keep abreast of professional developments that would improve their competence. Also, the degrees of acceptance by the medical profession of the roles and duties of the nurse practitioners remains uncertain.

The third model is group medical practice. While these practices vary considerably, their common characteristic is provision of medical services by a group of primary care physicians. From the experience in the rural South to date, acceptance of this approach by physicians is favorable. Group practices can overcome most of the professionals' objections to working in rural areas, including the long hours, heavy demand, and professional isolation. The approach can provide time off for physicians to pursue continuing education. Physicians in the group and their families also form their own social unit, or the nucleus of a larger social unit, thus overcoming some of the isolation professionals often feel in small towns and rural communities. Emphasis upon good management provided by non-physician trained administrators is another major strength of the team approach.

Yet the team approach has potential disadvantages, too. There is the temptation to emphasize profit-making medical problems to the neglect of less profitable environmental or other factors causing poor health. Emphasis on economic self-sufficiency also can lead to less sensitivity to the needs of poor people, so that the more affluent benefit most.

There have in recent years been several trends in medical education and in the training of non-physician health professionals that could make medical techniques and practice more amenable to rural needs. A promising approach is development of communications systems to connect family physician specialists with other practitioners, including those at medical schools. Such communications systems can do much to break down the professional isola-

tion of rural practitioners. There also has been a significant increase in family practice residencies in medical schools and hospitals since the middle of the 1960s. The number of family practice programs increased from 30 in 1969 to 260 in 1975, and is expected to reach 340 in 1976. A fairly large proportion of family practitioners locate in rural areas.

Health Planning

The National Health Planning and Resources Development Act of 1974 creates an elaborate and complicated mechanism for health care planning at federal, state, and local levels. It also provides for greater consumer involvement than was true of previous federal health programs.

Of particular significance for rural people is the provision that at least 25 percent of any state's funds for loans, loan guarantees, and interest subsidies for construction or conversion of medical facilities, must be used for out- patient facilities serving medically underserved people. Half of this money is specifically designated to meet the needs of the rural underserved.

This new law also creates a nationwide network of approximately 200 health service areas. A Health Systems Agency (HSA) is given responsibility for area-wide health planning in each area. The localities represented by these agencies are designated by the governors of the respective states with approval by the U. S. Department of Health, Education, and Welfare.

The main purposes of an HSA are to:

- Improve the health of the residents of the area.
- Increase accessibility, acceptability, continuity, and quality of health services.
- Restrain increases in costs of health care.
- Prevent unnecessary duplication of services.

Each HSA will assemble data to analyze health status and facilities in each area, formulate annual health and implementation plans, establish "area health services and development funds," and review, and approve or disapprove, all federal grants made under the acts that fund the Public Health Service, the Community Mental Health Centers, and the Comprehensive Alcohol Abuse and Alcoholism program.

Recommendations

The need for improved rural health care is evident and many new and innovative ways to seek it have been described. Policy changes are needed in the training of health professionals, in the nature of rural practice, in the content of rural health care, in the way minorities are treated, in the way rural health care is financed, in planning for better health.

Training Health Professionals

- **Greater emphasis needs to be placed on training physicians and other health professionals specifically for rural practice.**

- Special programs should be established to acquaint medical students with rural health problems and medical practice.
- States should support the establishment of health education centers and family practice residencies in rural areas.
- Greater support should be given to the development of broadly-trained non-physician health professionals.
- Admission and scholarship procedures of medical, dental, and nursing schools should be reviewed to ensure that students desiring rural practice are sought and that such students are familiar with sources of financial support for education.

Changing the Nature of Rural Practice

While more experience is required to know with certainty those changes in rural practice that will be most successful in attracting qualified health professionals and in improving rural health, the following components for a rural health system are recommended:

- Group practice should be established where needed to prevent social, cultural, and professional isolation and overwork.
- Nurse practitioner clinics with backup part-time physician support should be organized within smaller communities that cannot support or attract groups of physicians. Such clinics should be sponsored by stable community organizations.
- Legal support and technical assistance should promote the effective use of non-physician health professionals. State nurse practice acts and medical practice acts should be amended to permit nurse practitioners with appropriate training to treat patients and write prescriptions, subject to requirements of physician supervision, written protocols, adequate auditing of nurse practitioner performance, and continuing education. Such nurse practitioners should be permitted to see patients without the physical presence of a physician, if the backup physician is available by telephone for consultation and such physician participates in a continuous auditing of nurse practitioner performance.
- Programs should be adopted to help meet the start-up costs of establishing rural group practice, if these practices meet certain conditions required for effective rural health care delivery.
- Ideally, rural health care should be part of a system that:

  (1) Extends care into remote areas either through outpost clinics or the use of mobile facilities.

  (2) Relates the particular practice to hospitals, laboratories, and other specialists in rural or urban areas.
- Provisions should be made for the continuing education of health professionals involved in rural practice. Periodic attendance at conferences and short courses, seminars held within the area, and interaction with medical school staffs would be helpful.
- Special attention should be given to the establishment of management systems for health centers. As a number of such systems are available, each should be studied carefully to develop a model for particular practices. A skilled administrator should be made an integral part of every rural health center.

Changing the Content of Rural Health Care

- Rural health practice should be concerned with environmental health and preventive medicine. Because of the conflict between a primary concern for providing medical care, and attention to environmental health problems and community affairs, private medical professionals may or may not provide the leadership for environmental health and preventive medicine. Therefore:

  (1) Non-profit corporations should be established with community representation on their boards of directors to create concern for environmental health problems within medical practices.

  (2) Government or privately supported community organizations should help bear the costs of community outreach programs and transportation facilities that are needed to improve the access of rural people to medical care. The benefits of such services to a community at large justify such assumption of some of these increased costs.
- Special attention needs to be given to meeting the dental care and mental health needs of rural people.
- Rural areas have a much higher proportion of elderly people, and the incidence of chronic conditions of confinement to bed is much greater in the rural South than other areas. Emphasis should therefore be placed on home health services for the rural, homebound elderly.
- Because of low educational levels, many rural residents are unfamiliar with good health habits. Effective patient health education, including provision of printed materials and visual aids as appropriate, should be a part of rural health care.
- Since preventive care has been long neglected in rural areas, special emphasis should be given to well-baby care, immunizations, contraceptive information, cancer screening, and prenatal services.

Minorities and Rural Health Care

Affirmative action in health training and federal health programs has attracted relatively few members of minorities into the health professions. Few minority women have been trained in the nurse practitioner training programs. The National Health Service Corps has few minority health professionals. Because attitudes toward personal achievement are important to mental health, successful minority health professionals can be important in demonstrating to rural minorities what minority persons can accomplish.

The available evidence suggests that several additional steps can be taken to improve health care for Southern rural minorities.

- A systematic study should be made of the extent, severity, and forms of discriminatory or exclusionary practices in the provision of health care in Southern rural areas, in the training of health professionals for those areas, and in the administration of federal, state, and local health care programs.
- Local medical societies should not be permitted for discriminatory reasons to thwart federal or state rural health projects.
- The National Health Service Corps should conduct a more intensive affirmative action program by providing additional scholarships to members of minority groups for medical training and by otherwise increasing the placement of health professionals in rural areas, toward the goal of

augmenting the number of qualified Spanish-speaking and black health professionals working in the rural South.

- The Medicare program should enforce non-discriminatory practices in the provision of hospital care, nursing home care, private physician care, and other covered services.
- Programs to increase the sensitivity of health professionals dealing with minority groups should be improved and undertaken.

Changing the Financing of Rural Health Care

Federal and federal/state health programs have proved to be of limited assistance to rural Southerners – as compared with other segments of the population. Changes in existing programs, and implementation of new ones designed with rural areas in mind, are required to correct the imbalance in present policies.

- Implementation of national health insurance would benefit rural residents who have inadequate coverage under private health insurance and public programs. Specific features that would help insure that rural residents receive a fair share of benefits include:

  (1) Establishment of fee schedules for physicians that reward rather than penalize physicians for practicing in underserved areas.

  (2) Reimbursement for services of non-physician health professionals at rural health centers, whether or not a physician is physically present when service is rendered.

  (3) Recognition of community-sponsored rural health centers, ones that meet specified standards, as providers of health services eligible for direct reimbursement.

  (4) Coverage of all people regardless of family composition, eligibility for welfare, employment status, or other conditions.

  (5) Creation of health resources development boards with funds to induce specifically needed health personnel to locate in rural communities and to help develop innovative approaches to health care delivery in rural areas.

  (6) Development of supplemental programs to overcome specific barriers to improved health in rural areas. Ameliorative programs would include transportation services, outreach services, and patient education services.

- If existing financing programs are not replaced by national health insurance, the following amendments to current programs would provide much needed relief to rural residents:

  (1) Designate rural health centers as participating providers under Medicare and Medicaid, with a separate reimbursement policy based on average expenditures of Medicaid recipients and Medicare enrollees in the state.

  (2) Revise the Medicaid program to include low-income, two-parent families regardless of welfare or employment status. Require all states to cover rural health center services and the medically needy.

- Comprehensive health centers currently funded by the U. S. Department of Health, Education, and Welfare should be maintained rather than cut back as proposed by some. Medicare and Medicaid programs should be amended to permit comprehensive health centers to receive capitation payments from these programs based upon average expenditure levels for all persons covered by Medicare and Medicaid in the state.

- **The National Health Service Corps should continue to experiment with approaches to rural health care, including greater emphasis on nurse practitioner clinics, group practices, a larger role for community residents in the management of health services, and better technical assistance to the Corps' own activities.**

Health Planning

Persons interested in rural health problems need to pay particular attention to the National Health Planning and Resources Development Act of 1974. The Act may offer significant changes for the delivery of rural health care, and every effort should be made to make its provisions of maximum benefit for rural people. Approval of federal funding for a health project in general, and approval of a certificate-of-need in particular, will depend on how well a proposed rural project fits area and state plans. Moreover, National Health Planning and Development Agencies might be able to provide much useful information, technical advice, and coordination, and even planning funds for rural health facilities.

VI. NUTRITION

Nutrition and Health

Adequate food and nutrition are essential for proper human development. Although there is some disagreement over the relationship between nutrition and mental and physical health, there is expert consensus on several points.

- Undernutrition in a mother increases her chances of having a low-birth-weight baby and a complicated pregnancy and birth. In the rural South, poor mothers, especially poor black mothers, tend to give birth to low-birth-weight babies.
- Infants weighing less than 5.5 pounds at birth are more likely to experience mental and physical damage, especially when those infants are exposed to poor post-natal conditions, conditions often associated with chronic poverty in the rural South.
- Adequate weight gain for mothers during pregnancy reduces the chances of having an underweight infant.
- The relationships between poor nutrition (as constrasted with *severe malnutrition)* and mental development are not clear, but the physical effects of malnutrition are well established. The malnourished child is more likely to suffer serious or fatal effects from chronic disease.
- Finally, whether or not undernutrition causes mental impairment, chronic hunger and malnutrition clearly lead to behavior characterized by listlessness, hopelessness, and lack of initiative. The indirect consequences of hunger and malnutrition include lack of productivity, detrimental effects on longevity and physical health.

Nutrition in the South

Although information on the nutritional condition of people in the rural South is inadequate, data from a Tennessee state survey, conducted in 1972 by the Department of Health, Education, and Welfare, indicate that a significant proportion of the poor population of the South was malnourished or near the point of developing nutritional problems. A ten-state survey found malnutrition to be most common among blacks, less common among Spanish-Americans, and least among white persons. Generally, there was increasing evidence of malnutrition as income level decreased.

There are many misconceptions of why the poor have unbalanced diets. The evidence indicates that ignorance is less a cause than economics. In many instances, the diets of poor people are astonishingly well balanced considering the resources available to them. The chances for an adequate diet, however, become less and less as the amount spent for food decreases. Because the poor spend extremely high percentages of their incomes for food, when money is short, diet will suffer. Moreover, inflation has intensified dietary problems for poor people.

Food Programs

Widespread publicity about malnutrition in the South has focused official attention on the problem. Federal expenditures on food programs increased by over 1,200 percent between 1967 and 1975. Moreover, some Southern states, especially Mississippi, South Carolina, and Louisiana, along with Kentucky and Oklahoma, have made outstanding efforts to feed their poor. Other states have not done as well. Overall, about 60 percent of eligible Southerners remain outside of federal feeding programs.

The failure to participate in these programs has not been due entirely to the absence of resources. Public officials have not used effectively all the funds available.

While the food stamp program was always controversial, it came under particularly heavy attack during the early 1970s because of rising costs and a few highly-publicized instances of fraud. Also, there is a feeling in some areas, especially among agricultural employers, that food stamps have encouraged workers to be less willing to work in low-wage occupations. While there is inadequate information about these matters, the available information indicates:

- No real evidence shows that workers on food stamps are less willing to work.
- Despite charges that higher-income groups participated disproportionately in the program, official U. S. Department of Agriculture figures released in 1975 show that 45 percent of all participants had incomes below $3,000, and 65 percent had incomes below $4,000.

- Critics of the food stamp program have argued that the program has grown out of control, yet the record seems a reasonable one. The program began in 1964 as a small scale demonstration. During the late 1960s, many counties switched from a system of distributing surplus food commodities to the food stamp program. By the end of 1971, almost every county in the nation provided some form of food aid. By August 1974, participation in these programs had stabilized at around 15 million people. Subsequent increases in these programs came largely from the inclusion of Puerto Rico, Guam, and the Virgin Islands, and rising unemployment created by the recession. Participation was at an all-time high of 19.3 million in May 1975. Participation subsequently fell to 18.5 million in November 1975, as unemployment fell. A full employment economy would further reduce dependence on food stamps.
- There is very little evidence of widespread fraud in the food stamp program.

Recommendations

Problems of food and nutrition should be given high priority in a human resource development program. Because per capita food supplies are likely to be less abundant in the future than they have been in the past twenty years, special attention should be devoted to programs to make the most efficient use of available supplies.

Failure to develop adequate food and nutrition programs can have serious human and economic consequences. A U.S. Office of Management and Budget attempt to establish a cost/benefit ratio for nutrition programs estimates that the social returns from reducing malnutrition are likely to be on the order of $3.30 for each dollar spent.

While all income groups are affected by poor nutrition, special attention should be given to the problems of the poor, who are more adversely affected by inflation, have less freedom of choice to achieve proper diets, and spend a larger share of their income on food. We therefore recommend:

- **The establishment of a federal Food and Nutrition Office (FNO), not to be responsible for operating food programs, but to be responsible for their coordination.**

  The FNO could perform the following functions:

  (1) Develop an annual national nutrition and food plan for submission to Congress.

  (2) Monitor food programs and collect information to prevent abuse and foster efficient implementation.

  Because of limited resources, high priority should be given to efficient administration and the prevention of fraud. It is important to stress prevention of fraud not because fraud is presently widespread, but because any abuses are likely to be exaggerated and highly publicized. Prevention of abuse would assure more resources for those in need and would encourage public support for food programs.

  Much needs to be done to obtain more precise information on nutritional conditions and the effects on human development and the quality of life.

Good research is needed because disputed nutritional theories and lack of accepted data have discouraged needed government action.

- **More determined action by officials is required to insure that those eligible for and in need of food assistance obtain it.**

  (1) The highest priority should be given to the nutrition problems of women, infants, and children.

  (2) State and local officials should actively promote outreach efforts to reach the needy. The failure of some communities to participate fully in food programs should not prevent food from reaching those who need it. Community groups should be given subcontracts to deliver food when local officials fail to participate in the program.

  (3) Food should be distributed to people in a manner that preserves their dignity. An income maintenance program would accomplish this for food stamp recipients, but failing this, special measures should be taken to assure the courteous treatment of food stamp recipients by those who administer the program.

VII. CREDIT AND FINANCE

Characteristics of the Rural Credit System

The availability of investment funds is an important precondition for rural development. Inadequacy of credit and the manner in which credit institutions allocate funds are serious problems for the rural South. The present system does not provide rural investors and financial institutions with adequate liquidity, flexibility, or services.

An overview reveals the following characteristics of rural credit systems:

- Rural residents, especially in the South, often receive less credit and pay more for it than do borrowers in similar circumstances outside the South or outside rural areas.
- The complexity of the credit system in rural areas creates special problems for many borrowers. Rational choice in such an environment is impossible for those who lack the ability or experience to deal with the intricacies of modern finance.
- The small scale of many rural lending institutions limits the size and type of loans they can make for rural development, and hinders them in providing the kinds of financial and operational counseling that large urban credit institutions offer their clients.
- The seasonal nature of the demand for rural credit, caused by partial dependence on agriculture, creates special problems for rural credit establishments.
- The agricultural credit system favors larger farmers.
- Economically feasible rural investment projects are often denied credit because of such influences as racial discrimination and credit rationing.
- Much of the savings generated within rural areas does not remain for investment in those areas. It leaks out for investment in urban places.
- The complexity and duplication within the rural credit system make a *prima facie* case for a national rural development bank, to coordinate the lending actions of the present structure and to focus credit policies on the special development needs of rural America.

The Federal Rural Credit System

- *The Farm Credit System*

The federal farm credit system was developed during the 1920s and 1930s. Though federally authorized, the component institutions are now primarily owned and operated by borrowers who must purchase membership in the institutions when they borrow. The system's four components are the Federal Land Bank system, the Federal Intermediate Credit Bank, the Production Credit Associations, and the Banks for Cooperatives.

- *The Farmers Home Administration*

  The Farmers Home Administration (FHA) was established in 1946 to provide operating and farm improvement loans to farmers or groups of farmers who could not get funds from other sources. Its activities have expanded over the years to serve rural residents as a whole, rather than just farm residents. Unlike the component agencies of the farm credit system, the FHA depends primarily on Congressional authorization for funds. Actual appropriations have been far below authorized levels. Besides making loans itself, FHA guarantees loans to rural residents made by commercial banks.

  The FHA has been handicapped by insufficient funds, both to operate its programs and for lending purposes. Although a credit source of last resort to rural residents, the agency has had less money to lend than other federally-sponsored or supervised credit sources.

  Although the FHA has had problems, it has filled an important need by furnishing credit for some persons and groups not considered good risks by other credit agents. Throughout its history, only 1.5 percent of FHA's loans have finally been cancelled.

- *The Rural Electrification Administration*

  The Rural Electrification Administration (REA) was created in 1935 to provide credit for rural cooperatives seeking to bring electric service to their areas. The REA is an example of a public agency that filled an important credit gap that the private financial system could not or would not fill. REA's financial success demonstrates that providing this kind of credit can be a profit-making if not profit-maximizing opportunity. In social terms, its success is undeniable. Farms with electrical service rose from 11 to 98 percent under the REA.

  In 1949, REA was empowered to make similar loans for telephone service, and performance has been equally as good.

  Before 1973, REA was funded entirely by direct Congressional authority, so limits on the amounts it could lend were subject to budget constraints. To ease this situation, in 1973 Congress empowered REA to enter private money markets through a guaranteed loan program.

- *The Small Business Adminstration*

  The Small Business Administration (SBA) was created in 1953 to provide credit that would enable small business to take advantage of profitable opportunities that might be lost for lack of funding. To be eligible, an applicant must demonstrate financial viability and inability to get credit elsewhere. The overall loss rate for SBA was 2.59 percent at the end of 1974, indicating that loans to businesses that might not qualify for loans from usual sources are not excessively risky.

  The SBA lends directly from funds appropriated by Congress, but it also participates with private sources in larger loans and guarantees loans made by private lenders.

  Several factors limit SBA's effectiveness in providing credit to minorities and other low-income borrowers in rural areas. Its failure to provide sufficient counseling for minority borrowers is one of the most significant of these. SBA, like many other institutions, requires that borrowers post ade-

quate collateral and demonstrate financial viability. This especially handicaps minority borrowers. It has been SBA's policy, moreover, not to lend to cooperatives, which with adequate funding could be an important form of rural minority enterprise.

State and Local Rural Credit Systems

State and local governments have developed ways to compete for industry by making credit facilities available and meeting other start-up expenses. These governments help to finance industrial development through local industrial development bonds, state industrial finance authorities, state business development corporations, state banks, and public corporations to pool the risk of serving of small rural communities, and by using state funds to provide joint venture capital and to accomplish other specific development objectives.

Private Rural Credit Sources

Commercial banks are the main private source of credit in rural areas. In the South, rural commercial banks tend to be relatively small (that is, with deposits of under $25 million) and to be independent unit banks. Because of their size, their isolation from major money markets, and the seasonal demand for credit, rural banks tend to hold a high proportion of their assets in federal securities. This means that capital is exported from local areas served by such banks. These factors result in a significantly lower loan-to-deposit ratio in smaller banks. All of this means that rural residents have more restricted access to credit through the commercial banking system than is true of urban residents. To deal with the demand for seasonal loans, the Federal Reserve Bank has initiated seasonal borrowing privileges, but few small banks qualify.

Generally, commercial banks in rural areas are best able to provide short-to-intermediate-term loans in relatively small amounts. Lack of competition reinforces a tendency toward conservative lending practices. Most large banks are located in urban areas and therefore find it more convenient to investigate urban loans and to develop a client relationship with urban borrowers. Loans in larger amounts are more convenient to handle administratively, and urban loans may also be more prestigious.

Insurance companies are another source of credit for rural people, especially for farm mortgages. In 1973, insurance companies held 16 percent of the value of all farm mortgage debt outstanding in the United States. Because their obligation to meet claims is paramount, insurance company policies are understandably conservative. Insurance companies, therefore, tend to lend mainly to large borrowers for shorter terms and at higher interest rates than most other institutional lenders.

Merchants and dealers are another important source of credit for rural people. In 1970, for example, a third of all U. S. farm operators had debt to merchants and dealers, making this second only to banks as a source of credit to

farmers. Southern farmers utilize this form of credit more than farmers outside the South.

Merchants and dealers are a relatively inflexible source of credit since they normally extend credit only on their own sales, although they sometimes extend credit more broadly and may use credit as a promotional device.

Individuals constitute a significant source of credit for rural people, especially in financing land sales. But hard times can make such credit difficult to find. During the Great Depression, individuals cut back farm mortgage financing to a third of the amount lent in the early 1920s.

Savings and loan associations are the largest single holders of mortgages for single-family houses in rural areas, holding over 35 percent of such mortgages in 1970. Rural borrowers have not, however, received loans on terms as favorable as those extended to urban borrowers. The interest rates they pay are higher and the terms of loans shorter than with their urban counterparts.

Recommendations

Much of the national credit system functions so that rural residents and small farmers pay higher interest rates and the credit available to them is restricted. The rural South in particular suffers.

The credit problems of rural areas justify establishment of a national rural development bank. Such an organization could channel credit of sufficient amount and in a coordinated manner to rural areas. This would be the antithesis of the present system—inadequate funds flowing through multiple, fragmented, and oftentimes overlapping groups and institutions.

A national rural development bank could be structured to perform for rural commercial banks some of the functions provided by a connection to a large commercial bank, *e.g.*, serve as a clearinghouse for public and private loans and as a tie to national money markets. By reducing dependency on urban-oriented financial institutions, the rural development bank could help local banks make more local funds available for investment in their own area.

The rural development bank could also be an important source of technical assistance and advice on rural development matters to public and private organizations. Its staff would have a rural orientation and would develop the capacity to ensure that rural investments compete for funds on an equal basis in the national markets. The size of a single national rural development bank would also promote equal representation.

Finally, the bank, as a non-profit institution, could make investments and conduct programs with primary goals other than maximizing monetary returns. Its primary goal would be to promote the national interest that lies in the wholesome development of rural people and their resources.

The bank could be funded in the same way the federal farm credit system institutions were funded – federal stock subscription of, say, $2 million a year for 10 years. This stock could then be redeemed by borrowers who would eventually own the RDB. However, care would be needed to prevent the federal government from losing control of rural credit policies as it has with the institutions of the federal credit system. Under the present system, many borrowers

who could not get credit from other sources during the Great Depression of the 1930s have become relatively successful economically. They have developed loan policies that limit the amount of credit made available to low income borrowers. That gives the successful a chance to become more successful and makes it difficult for those left out to develop.

VIII. HOUSING

Housing in the Rural South

Housing has direct and indirect effects on development. Health, ability to study, family relations, sense of self-respect and self-worth are all influenced by the quality of housing. Moreover, housing is an important economic activity. The construction of each additional housing unit provides an average of 1.67 work years of employment, not including income generated for persons financing, insuring, and selling housing.

In spite of the need for improved rural housing, most of the nation's attention to housing during the 1960s was directed to urban areas. Access to decent rural housing has been further limited by rising costs, which have made the ownership of a home too expensive for most rural families. High costs also cause housing to be increasingly segregated according to income and race.

Substandard housing is one of the rural South's major unsolved problems. The rural South has the highest incidence of housing lacking one or more basic plumbing facilities of any section of the country. Sixty-five percent of the nation's substandard rural housing is in the Census South. Moreover, 62 percent of rural black-occupied housing units lack some or all plumbing facilities; 16 percent of rural white-occupied units were in such condition.

Besides substandard facilities, rural housing has other distinguishing characteristics. Much rural housing is rented directly without the intervention of real estate brokers. Builders, developers, and contractors rarely build speculative housing in rural places; they are more likely to build houses on demand. In addition, the functions of the real estate and housing interests are less likely to be specialized than in urban areas. Rural real estate brokers are frequently involved in other businesses – especially banking and insurance. Rural areas have serious housing shortages, whereas the housing problem of cities is less likely to be one of shortages. Much decent urban housing was abandoned by owners who could not afford it during the 1960s.

Mobile homes play a much larger role in rural than in urban housing markets. Two-thirds of new owner-occupied units in the rural South between 1970 and 1973 were mobile homes. The main reason was that mobile homes are generally the only form of housing, other than subsidized housing, within the incomes of people earning below $15,000 a year. Although depreciation is rapid and owners build up very little equity, mobile homes are relatively easy to finance.

There are also significant differences in the financing of housing in rural and urban places. Commercial banks, savings and loan institutions, and such federal agencies as the Farmers Home Administration and the Federal Land Banks are far more important in rural than in urban areas. On the other hand, the Federal Housing Administration and the Veterans Administration are much less active in rural than urban housing insurance. As a consequence, while 62 percent of *all* housing in the nation is financed through conventional or private sources, 80 percent of nonmetropolitan houses are so financed. In

general, this means that rural people must have larger down payments and pay higher interest rates because conventional sources have higher requirements for credit. Since rural people have lower incomes, financing is significantly more of a problem for them.

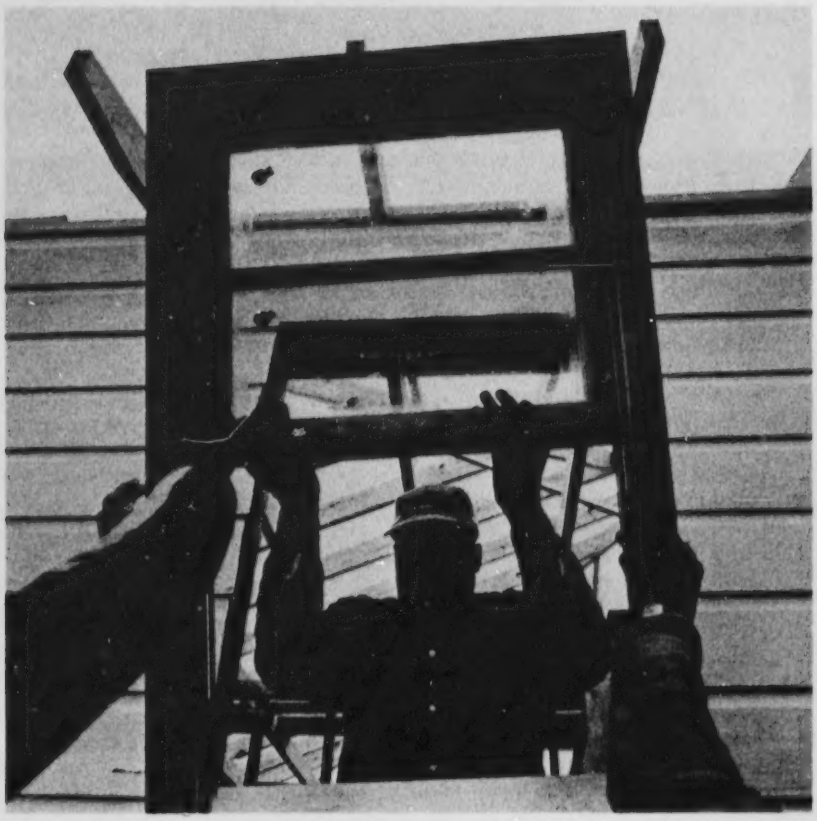
Housing Subsidies

Despite heavy government involvement in the housing business, housing in the United States is neither completely public nor private. Federal, state, and local governments are all involved. A major result of that involvement, however, is to make the housing subsidy system regressive.

Interest payments made on loans, including home mortgages, are deductible in computing taxable income. The amount of income tax thus saved becomes, in effect, a government subsidy encouraging home ownership. In fiscal 1976, for example, tax savings accrued in this way totalled $11.3 billion. They thus constituted a form of housing subsidy in the same amount. Most such federal subsidies are for single family home ownership and benefit mainly middle and high-income groups. People in low-income groups do not have large loans which result in large mortgage interest deductions or, in fact, cannot afford home ownership at all. As a result, in 1974 the average housing tax subsidy for people with incomes of $3,000 a year and less was $26.00, but only .02 percent of those in this income bracket claimed the subsidy. For people with incomes of over $100,000 a year, the average subsidy was $2,393 and 89 percent claimed the subsidies. Moreover, 40 percent of the 26 million people claiming this benefit had incomes of $20,000 a year or over. The top one percent of income recipients with incomes of over $50,000 a year received 10 percent of all housing subsidies. Ninety percent of the people in this category got subsidies. The 14 percent of the population with incomes of $3,000 a year or less got seven percent of all the subsidies. Total expenditures on the three million families who received Farmers Home Administration and HUD subsidies were only $2.6 billion, less than a fourth as large as the tax subsidies going to higher income groups.

The system as described thus is sharply regressive. Other features of federal tax law also benefit the affluent more than poor people, *e.g.*, depreciation on rental housing and deferral of capital gains on home sales. Moreover, programs that are of greater help to the poor are subject to administrative review and freezes, but the tax provisions – that result in subsidies for wealthy persons – are not.

Subsidies to low-income people in rural areas would probably do much to stimulate the housing market. It is important to emphasize, however, that the main problems of rural housing are basically not the absence of available land (except in mountain areas where land is limited for all purposes), or the absence of loans from lending institutions, or the unavailability of builders and construction workers. Rural savings and loan associations ordinarily have funds available, and there are underemployed



builders and construction workers in many rural areas. The main limitations are:

- The cost of housing, which is beyond the reach of many low-income and poor families.
- The availability of credit that low-income people can acquire and afford.

Special attention should also be paid to the problem of racial discrimination in housing because dual housing markets are almost universal throughout the country. There are, nonetheless, some major differences between rural and urban areas. Unlike urban areas, the same builders, real estate brokers, and others in the rural housing market are likely to deal with both blacks *and* whites. The main difference is in the price and location of the housing. Moreover, since blacks have much lower incomes than whites, cost is a more important deterrent to their access to adequate housing than it is to whites.

Recommendations

The housing needs outlined here can be met. Most of the recommendations made in this report require better use of existing resources, or only modest increases in public expenditures, or changing rules and regulations. Meeting rural housing needs would require a substantial shift in national housing priorities, however, toward greater involvement of the public sector in providing housing. It would also require adoption of less costly programs, probably through direct government financing. The Farmers Home Administration offers a useful model. It provides housing credit, when not available through private lenders, at subsidized rates of interest.

- The problems of providing adequate housing are not just those of lack of credit, but of human and economic resources. The nation should adopt a housing program to provide adequate housing for all Americans by 1985, a program that would necessitate substantial economic and social planning at federal, state, regional and local levels. Such a program would provide work for many unemployed people.

  The financial outlays necessary to meet the nation's housing needs are capital expenditures and much of the money would thus be repaid. It would be preferable, nonetheless, to finance a major portion of the needed expenditures by loans made from increased tax revenues. The size of recent federal deficits, aggravated by carrying charges on the federal debt, and the nation's need to understand that its resources are not unlimited, make it necessary to allocate those resources more equitably and use them more wisely. A major part of this tax expense would ultimately return to the Treasury, as housing loans are paid off by individual home owners or by nonprofit and other development corporations.
- A clear separation should be maintained between programs to produce or improve housing, which should be handled by housing agencies, and programs to raise or supplement income, which should be handled by other agencies. Housing programs should cover the cost of providing decent housing, through construction or repair; other means should be found to cover the cost of living in the housing thus provided.

  Public policy should leave to the private market what the private market can and will do. It should not, however, create incentives through the tax system, or other means, to lure private investors into what they otherwise would *not* do. The federal government should provide financing when private funds are not forthcoming at reasonable rates.

  The federal government should lend on whatever reasonable terms are necessary to individuals and non-profit corporations, and to state and local housing agencies. This would mean subsidized interest rates, such as now provided by Farmers Home Administration, and loans without interest for very low income people.
- State, regional, and local planning agencies should be charged with assessing housing needs in the areas for which they are responsible. Plans should address issues of quantity, quality, cost, access and, most important, need for subsidy, and should identify resources available to deal with them. State housing agencies should emphasize home ownership programs, par-

ticularly for rural families of three or more people. Likewise, loans covering the cost of large-scale and urgently needed repairs to rural housing can come from state and local agencies. Indeed, given the record of the Farmers Home Administration's repair loan program, state and local agencies may well have *greater* impact.

- Priority should be given to public water and sewer construction and street and road paving in areas where low-income people live, or where housing for them will be developed.
- Strict enforcement of local code standards is desirable, accompanied by:
  (1) Rehabilitation funds to prevent eviction of occupants, and
  (2) Loans at affordable rates for local residents to purchase new or higher quality housing.

IX. GOVERNMENTS, ORGANIZATIONS, AND THE POLITICAL PROCESS

The Role of Government

A consensus emerged during and following the 1960s that the federal government displayed limited ability to administer manpower and anti-poverty programs. Many critics felt that programs would be more effectively implemented if undertaken by state and local authorities closer to the problems and more responsive to them. Ostensibly, federal revenue sharing was adopted partly in this belief.

While decentralization clearly has the advantage of placing responsibility for programs in state and local hands, the assumption that rural governments will devote any large proportion of revenue sharing funds to human resource needs is questionable. The typical use by local governments of revenue sharing funds will be to construct physical facilities or to add employees with the same levels of experience and background as those already on government payrolls. In the areas of health and education additional public service employees are needed. However, not many such jobs are likely to be created.

A report by the Southern Regional Council's Southern Governmental Monitoring Project raised serious questions about the assumptions underlying revenue sharing. The Council's report suggested that revenue sharing "by enabling local governments to continue to expand projects and avoid bond issues, diminishes the civic involvement that would otherwise accompany either tax increases or service cuts or such locally required citizens participation as bond issue referenda."

The Task Force on Southern Rural Development gave considerable attention to regional development planning organizations, such as the Appalachian Regional Commission, other multi-state planning agencies, and sub-state planning districts. It also examined activities of the Economic Development Administration (EDA).

Southern rural development has benefited to some degree from the activities of EDA and the regional commissions, as well as from planning efforts carried out by state designated multi-county planning units. Few would claim, however, that these federal and state initiatives have been responsible in any major way for the growth that has taken place. The agencies involved have had too little money, too little time, and, with the exception of the Appalachian Regional Commission, no coherent or systematic strategies for development. In many cases, they also have neglected the human resource and manpower development needs of the poor and disadvantaged. Nevertheless, their presence has been a positive factor in helping to bring about growth. It is to be hoped that these agencies will in the future concentrate not only on regional development, but also on the special needs of their region's poor.

Strengthening the Political Process

The removal of race as the central political and social phenomenon in the South was a prerequisite to the breakdown of the region's one-party political system. Other powerful influences have also contributed, including reapportionment, migration, industrialization, urbanization, and improvements in transportation and communications.

Perhaps the most significant change in the Southern political system has been the strengthening of black political power, largely as a result of the Voting Rights Act of 1965, and its subsequent extensions, and the Southern Regional Council's Voter Education Project to increase registration of blacks. Within a year of the Voting Rights Act, over one million new black voters had been registered in the states covered by the Act. The percentage of blacks registered in those states rose from 29.3 percent in 1965 (compared with 73.4 percent for whites) to 52.1 percent in 1967 (compared with 79.5 percent for whites).

Despite the increase in black political participation, the translation of that participation into meaningful changes in the lives of black Southerners has been limited by several factors:

- Blacks still do not participate in the political process as much as whites.
- Black elected officials still constitute only about two percent of all elected officials.
- In some localities whites have developed procedures for limiting black political power. These include gerrymandering election districts to make election of blacks difficult, keeping blacks to a minority of elected or appointed members of official agencies and commissions, and discouraging the nomination of blacks for important elected positions.

The Role of Organized Labor

Labor unions have emerged in every industrial society to represent the political and economic interests of workers. Most of the South's political leaders, however, have in the past opposed unions. They have believed that collective bargaining, which normally includes demands for increased wages and fringe benefits, would impede industrialization, and industrialization has been widely regarded as essential for improving the economic welfare of the South's people.

Acceptance of unions was strengthened by the 1935 National Labor Relations Act. The Act established national policy to permit workers to organize and bargain collectively through representatives of their own choosing. Rural states in the South and elsewhere continue to oppose unions more than do industrialized places, but this opposition is no longer as intense as it was before the 1930s.

The South remains, however, the nation's least organized area. If its proportion of union membership relative to non-agricultural employment were raised to that of the rest of the country, the South's union membership would

double. In absolute numbers, though, union membership has increased faster in the South since 1939 than it has in the rest of the country. It is hard to know the relative strength of unions in rural areas, but it clearly is lower than in the urban South.

Changes in Southern union membership are heavily influenced by the nature of Southern industry. Most of the industry emerging in the rural South is labor intensive, highly competitive, and pays relatively low wages. Experience shows that industries with such characteristics are hard to unionize.

The basic determinants of union strength are the relationships among unions, employers, workers, and officials of specialized government agencies. Ultimately, organizing depends on the bargaining needs of workers and the union's ability to win strikes or otherwise exert pressure on employers.

Economic factors are the most decisive in influencing union organizing in the South, and they operate against the unionization of most Southern rural industries, except coal mining and the pulp and paper industry. These economic factors include plant size and location, and the number of companies in a given type of industry. Other factors that influence local union strength include the nature of applicable labor legislation, the strength of the union as a national organization, the prevailing level of wages, and the area's race relations.

The changing pattern of industry, therefore, primarily determines union growth in the rural South. Increasing economic diversification will facilitate union growth. As time passes, a smaller percentage of rural workers will be found in the older agricultural, textile, tobacco, lumber and wood products industries, and a larger proportion in the newer, more highly unionized industries.

For the most part, employment is increasing more rapidly in the Southern states that have the strongest unions. Also, increased industrialization is creating a more favorable attitude towards collective-bargaining. The expected decline in farm employment will help unions as will the increase in employment in blue-collar and some service categories. Of the white-collar groups, those most likely to be organized are clerical and sales workers. They constitute a large part of the expected increase in white collar employment.

Increased political power of unions in the South would especially benefit unions representing state, county, and municipal employees. Those organizations depend heavily on political support for their success. Employment is increasing among governmental workers, although collective bargaining is often discouraged by state and local governments.

The growing political power of blacks in the South will probably help to strengthen union influence. Blacks are more likely to join unions than whites. Cooperation between unions and blacks could, in fact, become an important political force in the rural South.

Several trends remain, nonetheless, that could make the organization of unions in the rural South more difficult than in the past. The tendency for plants to locate in smaller communities, rising living standards, and changing patterns of living – that make workers more responsive to family, community, and neighborhood influences – are among them. Workers have become more questioning of both management and unions. This attitude reflects rising edu-

cational levels and declining average age. It also will probably require unions to change their organizing techniques. Technological changes that increase management's ability to operate during strikes and management's growing sophistication in resisting unionization also impede union growth.

Cooperatives and Community Development Organizations

Cooperatives have been significant instruments for rural development throughout the world. Their rate of growth has been rapid since World War II, particularly in poorer nations. American cooperatives traditionally have been most successful among large and middle-sized farmers who have the land,

capital, and entrepreneurial resources necessary to establish successful businesses. Until recently, poor people in the South have benefited little from cooperatives.

The spread of cooperatives among poor black people during the 1960s was a logical outcome of civil rights protest activities in the rural South during the 1960s and the decade before.

Because most poor people's cooperatives have economic development objectives, they are ordinarily associated with community action agencies or community development corporations (CDCs) – such as the Delta Foundation and Mississippi Action for Community Education (MACE) in Mississippi. These organizations operate a wide array of activities designed to deal with the many-faceted problems of the rural poor. MACE, for example, has conducted community leadership training programs, day care centers, youth camps, adult literacy classes, rural health projects, and social service advocacy programs. MACE also has encouraged economic development through farmers' cooperatives, food buying clubs, food stores, and the creation of a number of manufacturing operations by the Delta Foundation, a CDC that MACE was instrumental in forming. Such development organizations meet a variety of immediate needs confronting the rural poor. By diversifying their activities, they also enhance their viability. No one failure is likely to be fatal to the organization.

The rationale for a development cooperative or a CDC is fairly clear. Private market forces are likely to isolate many people and places from the development process, either because of more profitable opportunities elsewhere, or because prospective employers have inadequate knowledge of opportunities in the areas avoided. In the rural South, the old plantation areas with heavy black populations are often ignored. Firms seeking profits alone tend to avoid these locations. Organizations with other motivations, however – for example, to provide jobs for indigenous people and develop the economy of a local area – might well make some profit, or at a minimum, cover costs through productive activities. These development organizations often have the advantage of close familiarity with the people, and with the communities in which they operate.

Perhaps the major advantage of such a successful development organization is its ability to meet a variety of community needs (better health, water supply, jobs, manpower services, finances, etc.) and remain relatively independent of local political and economic power structures.

Recommendations

The desirable changes outlined throughout this report will not occur unless rural people can make their voices heard in policy-making councils. The absence of local leadership is often more detrimental to rural development than shortages of financial or other resources. Laws themselves, for example, are not self enforcing. Often good legislation can be subverted if alert local monitoring is absent. The formation and strengthening of grass roots organizations is mandatory. Though outside forces can help with critically important resources and technical assistance, an essential initiative for local rural improvement must come from local leadership.

Although rural development itself will stimulate rural organizations, public and private agencies can do much to strengthen rural organizations and rural leaders. The following efforts should be immediately undertaken:

- Educational institutions in rural areas should pay special attention to leadership training for low-income prople.
- Comprehensive Employment and Training Act (CETA) prime sponsors can strengthen rural organizations by using manpower funds for leadership training, and by subcontracting manpower programs to rural organizations. Experience shows that disadvantaged persons obtain a higher proportion of jobs on public works projects operated by private organizations than on such projects operated by local units of government.
- Governments can also strengthen rural organizations by subcontracting human resource development services to them.
- Special efforts should be made to enhance opportunities for collective bargaining by rural workers who wish to join unions.
- Special efforts should be made by public interest law firms to challenge the constitutionality and legality of restrictive anti-union legislation. Laws and ordinances are sometimes retained on the books of state and local governments for purposes of harassment, even after federal courts have declared them unconstitutional. Such legislation should be amended or repealed.
- The National Labor Relations Board should be sufficiently funded and staffed to handle unfair labor practices cases quickly.

Much debate occurs over what level of government can be most effective in promoting rural development. There is agreement, however, that the federal government should set national objectives, and post the avenues for reaching them, and that it has means through the federal income tax to support public activities. The federal government should also have major responsibility for monitoring programs to ensure local compliance with national policy.

Independent national organizations can also contribute importantly to Southern rural development. National organizations with the sole purpose of working for solutions to rural problems through a variety of methods—including encouragement of local development organizations, careful monitoring of rural conditions, and publicizing their findings—are clearly needed.

CONCLUSION

Monumental changes have occurred in the South since President Franklin Roosevelt declared the South to be the nation's number one problem. Millions of people have been displaced from farms. Many of these, along with millions of nonfarm residents, have left the rural South, going to urban areas both within the region and elsewhere in the country. Farms have become larger and more mechanized. Manufacturing employment has grown more rapidly in the rural South than in metropolitan areas, and much faster in the South than in the rest of the country. Income gaps between rural and urban areas, and between the South and the non-South, have narrowed. Indeed, the real incomes of urban Southerners are now virtually equal to those of urban residents outside the South.

These economic changes have been accompanied by monumental political and social changes. Many of the institutions that characterized the traditional South have disappeared or are no longer important: sharecropping; one-party politics; demagogic preoccupation with race; legalized racial segregation; negative political attitudes that stifled forward-looking leadership and limited the use of government for desired change. These and other characteristics of the earlier South blocked human resource development, and made the region a burden on national progress and development.

The South's progress has been uneven, however, and the burdens of the past have left a heavy imprint on the region's people. Many people and places have been left out of the progress reflected in aggregate income and employment statistics.

Rural development is among the South's main unfinished tasks. Despite the changes listed above, the rural South lags behind urban areas, and rural areas outside the South, in many dimensions of human resource development.

Within the rural South, the benefits of economic development have not been evenly distributed. Large commercial farmers have been the main beneficiaries of technological changes and agricultural policies. These have often adversely affected small farmers. In the nonfarm sector, many rural Southerners have become the working poor in marginal low-wage jobs. Few rural workers have benefited from union organization or collective bargaining. Agricultural workers do not have the benefits of protective labor legislation that nonfarm workers take for granted.

Blacks have been doubly disadvantaged. They have been displaced from farms much faster than whites and have not shared proportionately in the growth of nonfarm jobs. The rapid growth in manufacturing employment has been mainly outside the areas with heavy black population concentrations. And blacks have not even shared equally in the jobs coming into areas of heavy black population.

Because of the unevenness of economic progress, too many people in the rural South are poor, have inferior educations, suffer from poor health, nutri-

tion, housing and inadequate health care. And too many people who would like to remain in the rural South, or move there, are unable to earn adequate incomes to make this a viable option.

In making recommendations to improve the quality of life in the rural South, several basic conclusions should be emphasized:

- **Southern rural development is in the national interest.**
- **Many human resource development policies fail to achieve their purposes in rural areas because they are drawn from urban experience and conditions, and are not designed for the special requirements of rural places.**
- **Development is more than economic, and therefore must be viewed comprehensively. In this sense, the task of rural development is to:**

(1) **Improve the quality of human resources in the rural South by improving health, nutrition, housing, formal education, informal learning, and skill training.**

(2) **Increase the level of rural human resource utilization by expanding opportunities for wage earning and self employment in agriculture.**

(3) **Increase the level of utilization of rural human resources by improving nonagricultural employment opportunities, *i.e.*, in private sector industrialization, public service employment, and public works projects.**

(4) **Eliminate institutional impediments to rural human resource development and utilization, such as inadequate labor market information and discrimination against people for reasons unrelated to productivity.**

(5) **Improve the development and utilization of the productive capacities of rural people by facilitating their geographic mobility, *i.e.*, their ability to commute to jobs in urban areas or other rural areas, or to leave the area.**

(6) **Strengthen administrative capacity, leadership, and rural organizations for implementation of rural development programs at state, local, and national levels.**

(7) **Provide income and supportive services to rural Southerners who cannot earn adequate income from wage or self employment.**

These recommendations are directed primarily at the problems of those who have not participated fully up to now in the benefits of present Southern rural development. The need for action is greatest for them. The main recommendations for government action are for federal government:

(1) To formulate a comprehensive rural development policy as part of a national full employment and balanced growth policy.

(2) To establish an autonomous federal department or agency where federal responsibility for rural development should be concentrated; and

(3) To establish a national rural development bank.

These changes could create a set of mechanisms that would facilitate development at regional, state and local levels.

Governments at all levels should see to it that all human resource development programs are adapted to the unique requirements of rural areas. Many public programs that should have been helpful to Southern rural development were developed with urban conditions in mind and therefore have not fitted the needs of rural areas.

State and federal governments must pay special attention to the develop-

ment needs of people and areas left out of general economic progress. Everything possible should be done to stimulate development of profit oriented industry in those places; it will also be necessary to support and encourage establishment of economically viable community development organizations and cooperatives.

States can facilitate local rural development by providing leadership training, development coordinators, start-up training, and technical assistance to local groups wishing to develop their areas.

Special attention should be given to programs that will enable people who can do so to help themselves. Programs should be developed to help low income farmers and small businessmen improve their efficiency and incomes. These programs could have high pay-off for participants and for society.

Because development resources are likely to be limited, it is important to improve the efficiency of labor market and other human resource development systems. Such improvements can do much to make full employment and balanced growth possible with an acceptable level of inflation.

For those who cannot find jobs in the private sector, useful public employment should be provided. Public jobs need not necessarily be provided via government payrolls; many can be publicly funded jobs undertaken by private contractors. Special programs also are needed for rural youths and old people.

Finally, an adequate income maintenance program should be established for those who cannot or should not work. Since the heads of many poor rural families are employed, selective employment programs can be effective in improving the incomes of their families. For those who are unable to work, a minimum cash income maintenance program should be substituted for the present welfare system. The latter often penalizes families with both parents present. It also requires expensive administrative and policing services. Income main enance cannot substitute for all categorical assistance programs, but it could greatly reduce the need for those programs and would do much to facilitate rural development.

This report recommends action that could have profound effects on the region's future. The measures outlined can bring a new quality of life, new levels of human satisfaction, to millions of rural Southerners, if the vision and the will are found to put them into practice.

APPENDIX A

Technical Papers and Staff Report

By Ray Marshall, Task Force Director

As director of the Task Force on Southern Rural Development, I was given main responsibility for providing technical material to be considered by the Task Force and for drafting this report, *Increasing the Options*. Since I and Lamond Godwin, the associate director, are trained primarily in economics, we obtained the help of many experts in other fields and in branches of economics where our technical knowledge was limited. We sought to develop the very best material we could find in order to support the Task Force's deliberations and form the basis for our reports. The Task Force agreed early in our work that we would attempt to avoid the superficial approaches often taken in reports of this kind, even though thoroughness and consensus required much more time and effort than any of us originally assumed.

The list of technical papers included in this Appendix shows how extensively we are indebted to others for background material.

However, my debt to some people cannot be adequately expressed by a mere listing of these papers. I am especially grateful to Alexander Heard, Chairman of the Task Force, for his attention, encouragement, and insight. He devoted much time from an unbelievably heavy schedule to the work of the Task Force. His comments on various drafts of this report, the longer staff reports, and other technical papers were extremely helpful. Chancellor Heard handled a very complex and difficult assignment with great skill, patience, and diplomacy.

There is no way I can adequately express my gratitude to the late Dr. Vivian Henderson whose death during the course of the Task Force's work deprived us of his wisdom, insight, and energetic support. Nor is there any way I can express my great sense of personal loss because of his death. Vivian's intelligence, energy and enthusiasm were an inspiration to all of us associated with the Task Force. It was his belief that our work should focus primarily on increasing the options of rural and urban people. His emphasis on this theme gave this report its title. Vivian also encouraged us to concentrate our attention on a people-oriented approach to the rural South. Although we have attempted faithfully to follow his advice, we are certain that this would have been a much better report if he had lived to see it through.

Lamond Godwin, the Task Force's associate director, was mainly responsible for managing the Task Force's daily activities, arranging meetings, responding to inquiries and helping me solicit and evaluate papers and other materials for the Task Force's consideration. Lamond was not only the "glue" that held the Task Force together, but made a very important contribution to our deliberations on substantive matters.

George Esser, former Executive Director of the Southern Regional Council, made important contributions both to the formation of the Task Force and to its deliberations and recommendations.

Pat Waugh, secretary to the Associate Director of the Task Force, deserves special thanks.

I also am grateful to the members of the Task Force for their enthusiasm, encouragement, and dedication to this undertaking. Their collective wisdom and support greatly improved the value of our work.

I cannot possibly adequately express my appreciation to all of those who contributed to the Task Force's work. Numerous people participated in the preliminary meetings to define issues and get input from various people before the Task Force was selected. The list of technical papers prepared for the Task Force is attached. Our final report relied very heavily on these technical papers.

Several people helped with the preparation of various drafts of this manuscript. Robert E. Anderson's work as editor made this summary much more readable. I am especially grateful to Sandra Illig for supervising the preparation of this and other Task Force manuscripts and for managing the University of Texas' part of the Task Force's work. Curtis Toews and Kathy Baker performed magnificently as researchers on various aspects of the Task Force's work. We benefited greatly from the competent typing of Mary Diaz, Sandra Olmstead, Kyna Simmons, Louise Bond and Jane Tonn.

This report is one of several publications to be released by the Task Force. Others will include:

1. The full staff report, of which this is a summary, to be published in the near future by the Southern Regional Council.
2. *Rural Health Care in the South*, funded by the Robert Wood Johnson Foundation and to be published by the Brookings Institution.
3. Collections of the technical papers to be published by the Southern Regional Council.

APPENDIX B

Technical Papers Prepared for the Task Force

Balliet, Lee.	*Factbook on Anglo Poverty in the Rural South.*
Balliet, Lee.	*Origins and Implications of Anglo Poverty in the Rural South.*
Begay, Eugene A.	*Economic Disadvantages and Development Among Southeastern American Indian Tribes.*
Browne, Robert S.	*The Role of Land in the Development of Southern Rural Black Communities.*
Brunson, E. Evan.	*Energy and Rural Development.*
Clarke, Jack.	*Governmental Encouragement of Dispersed Industrial Siting.*
Cowan, James.	*A Working Paper on Agricultural Labor in the South.*
Daft, Lynn M.	*Implications of Higher Fuel Prices for Rural Development Policy.*
Davis, Karen and Marshall, F. Ray	*Rural Health Care in the South.*
Dolbear, Cushing.	*Housing in the Rural South.*
Hansen, Niles M.	*Regional Policy and Southern Rural Development.*
Jones, Mack H.	*Black Officeholding and Political Development in the Rural South.*
Kaye, Ira.	*Public Transit: An Area of Concern for the Rural South.*
Mandel, Allen S.	*Emerging Issues in Land Use Control.*
Marion, Robert L.	*Rural Education in the South: Past and Present.*
Marshall, F. Ray and Thompson, Allen R.	*Economies of Size and the Future of Black Farmers.*
Marshall, F. Ray.	*Rural Manpower Programs in the South.*
Marshall, F. Ray and Thompson, Allen R.	*Status and Prospects for Small and Nonwhite Farmers in the South.*
Perry, Susan.	*Legal Problems of Southern Rural Black Women.*
Pollard, Tom and Toews, Curtis.	*Factbook on Southern Women.*

Pollard, Tom and Toews,Curtis.	*Southern Agricultural Facts.*
Price, Daniel O.	*The Rural Population of the South.*
Rittenoure, R. Lynn.	*Public Finance and Public Employment in the Nonmetropolitan South.*
Schiller, Alden.	*Health Care in Rural Texas.*
Stephan, Nelly.	*A Discussion of Migrant Health Care.*
Till, Thomas E.	*Industrialization and Poverty in Nonmetropolitan Labor Markets.*
Toews, Curtis.	*The McClellan-Kerr Arkansas River Navigation System: A Study of Attempted Ex-Post Facto Development Planning.*
Tompkins, Rachel B. and Sher, Jonathan P.	*Economy, Efficiency and Equality; The Myths of Rural School Consolidation.*
Tweeten, Luther.	*The Economic Outlook for Southern Agriculture.*
Van Cleve, Roy R.	*A Summary Analysis of Selected Start-up Industry Training Programs as Vehicles for Human Resources Development in South Carolina, North Carolina, Virginia, and Alabama.*
Walker, James L.	*The Impact of Industrialization on Rural Black Poverty.*
Verbugge, James, A.	*Financing Rural Development.*
Walters, Harry.	*The World Food Situation and Prospects to 1985.*

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Health

ACCESS BY THE POOR TO HEALTH CARE IN SOUTHERN HILL-BURTON HOSPITALS (1974) Allen Crimm/$1.00; $.75-10 or more.

Housing

HOUSING IN THE SOUTH. Needs and Responses (1976) Marsha Hudgins/$3.50; $3.00-10 or more.

Law & Legal Services

RACE RELATIONS LAW INDEX 1972-1974 (1975) T. A. Smedley/$5.00.

New Federalism

A TIME FOR ACCOUNTING: The Housing and Community Development Act in the South (1976) Raymond H. Brown with Ann Coil and Carol Rose/$4.00; $3.00-10 or more.

DISCRIMINATION IN GENERAL REVENUE SHARING IN THE SOUTH (1976) Wayne Clark/$2.00; $1.50-10 or more.

CITIZEN PARTICIPATION IN GENERAL REVENUE SHARING: A Report from the South (1975) Carol M. Rose/$.00; $1.50-10 or more..

Poverty

THE OTHER TWENTY PERCENT: A Statistical Analysis of Poverty in the South (1974) Gretchen Maclachlan/$3.00; $2.50-10 or more.

Regional Growth & Growth Planning

THE DISTRIBUTION OF SOUTHERN BLACK POPULATION (1975) Jack Tucker and Everett S. Lee/$1.00; $.75-10 or more.

Rural and Agricultural Development

STATUS AND PROSPECTS OF SMALL FARMERS IN THE SOUTH (1976) F. Ray Marshall and Allen Thompson.

TOBACCO: The Ants and the Elephant (1975) Charles Kellog Mann.

State & Local Government

North Carolina Legislators: FOR THE RECORD (1976) Curt Martin/$7.95 (1-9 copies); $7.15 (10-34); $6.75 (35-99); $6.35 (100 +).

GOVERNMENT IN THE SUNSHINE: Open Records/Open Meetings (1976) Ronald Plesser and Peter Petkas/$1.00; $.75-3 or more per state; complete set for all Southern states $7.00.

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